From:	Whitfield, Tobias P. (MOF)
To:	Ken Kandeepan; Mike Manning; Thouin, Alena (ENERGY); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc:	Shannon Jack (MTO); Veinot, Cindy (TBS)
Subject:	Call re Delivery of Reference Documentation to Province

Please see below teleconference information for call at 3.

Number: 416-212-8012
Toll Free: 1-866-633-0848
Participant Passcode: 5801207#

_____
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January 5, 2018 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL - Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL - Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL - Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL - Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL - Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL - Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL - Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL - Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL - Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL - Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL - RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL - RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. ?Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ..see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL - RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement . hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL - RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL - RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Whitfield, Tobias P. (MOF)
To:	Ken Kandeepan; Mike Manning; Thouin, Alena (ENERGY); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY)
Subject:	Call re Delivery of Reference Documentation to Province

Conference line:

Number: 416-212-8012
Toll Free: 1-866-633-0848
Participant Passcode: 5801207#

_____
From: Whitfield, Tobias P. (MOF)
Sent: January 8, 2018 12:36 PM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012
Toll Free: 1-866-633-0848
Participant Passcode: 5801207#

_____
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January 5, 2018 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

"“Material Effect” means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY';

Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Ronald Kwan
To: Gadi Mayman; Ken Kandeepan
Subject: FHP Debt Issuance
Date: Tuesday, February 06, 2018 6:17:43 PM

Hi,

What was the spread on the FHP debt issuance?

Ron

Debt markets show approval for Fair Hydro Plan financing

06.02.2018 David Hains Environment and Energy,

Investors gave Ontario Power Generation a boost as they piled into bonds sold for the province's Fair Hydro Plan.

OPG issued $500 million worth of debt on Tuesday, earning a low interest rate of 3.357 per cent from markets hungry for a safe investment.

Ratings agency DBRS gave the debt security a triple-A rating, while Moody's gave slightly less than its top grade, declaring it to be Aa2.

The debt issuance came amid a roller coaster market that saw the Dow Jones fall by more than 1,000 points yesterday, its largest one-day decline in six years. But OPG, which pitched the investment to investors last week on a road show that took them to Montreal, Toronto, Winnipeg and Vancouver, decided to pull the trigger to send the debt to market.

The funds will help pay for the province's Fair Hydro Plan, which was passed by the majority Liberal government in June 2017. A large part of the plan effectively reduced short-term hydro bills by deferring some costs to future bills. A complicated security was created to finance the plan, and it came in for criticism from Ontario's auditor general for, in her analysis, adding $4 billion in costs in order to keep the proposal off of the government budget. Officials from the Treasury Board and Ministry of Energy said at the time that it was not the case, and they were being diligent about following proper procedure.

Energy Minister **Glenn Thibeault** praised the debt issuance and the government's hydro plan in a statement.

"Today’s announcement by Ontario Power Generation (OPG) regarding the successful issuance of secured debt in relation to Ontario’s Fair Hydro Plan is a positive sign that our plan is working."

The 3.357 per cent effective interest rate is a strong one for OPG, and bodes well for keeping the borrowing costs for the Fair Hydro Plan low. The rate is 15 basis points lower than Toronto Hydro, OPG noted, and more competitive than industry peers.

In a conference call, OPG said that the final interest rate was slightly better than expectations. The ministry of energy previously stated that they expect a 4.5 per cent average interest rate over the lifetime of the debt issuance for the security.
OPG plans to issue debt tranches two to three times a year to secure $300 million to $500 million worth of debt each time. Bond durations will vary, but the first issuance is 15.25 years.
A second round of financing is anticipated in the second quarter of 2018.
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From:	Ronald Kwan
To:	John Kim; Bruno Amara
Cc:	Usman Zahid
Subject:	FHP Debt Issuance
Date:	Tuesday, February 06, 2018 6:32:13 PM

Hi,

Not that the Province does 15 year issuances, but what does the spread look like, say interpolating?

Ron

Hi,

What was the spread on the FHP debt issuance?

Ron

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From: LADAK Lubna -TREASURY
To: Shruti Talwar (Shruti.Talwar@ontario.ca); Ronald Kwan
Cc: Mike Manning; GRECO Clara -LAWDIV; LEE John -TREASURY
Subject: FHT Transaction Today
Date: Thursday, April 19, 2018 7:06:09 PM
Attachments: image002.png
FHT - Case Study (CIBC) - April 2018.pdf

Hello Shruti and Ron,

I had mentioned last month that FHT was planning to go to market in April. We completed a $400 Million 20 year deal today with 34 investors. Similar to the February transaction, this one was also oversubscribed.

Attached is a 1 page summary of the transaction, prepared by CIBC. Closing is expected early next week.

Below is a summary of the total financing for today including both Senior and Subdebt:

FHT Series 2018-2	Amount	Coupon	Weight	Weighted Avg Coupon
Senior Notes	400,000,000	3.5200%	51.0%	1.7952%
Subordinated Notes	305,882,000	3.8340%	39.0%	1.4953%
Junior Subordinated Notes	78,431,000	4.2140%	10.0%	0.4214%
Total	784,313,000		100.0%	3.7119%

Lubna Ladak | VP Treasury - FHP| Ontario Power Generation
700 University Avenue, Toronto, Ontario M5G 1X6 | 416-592-5984 | Cell 416-578-0219 | Fax 416-592-4189
lubna.ladak@opg.com

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Junior Subordinated Notes	78,431,000	4.2140%	10.0%	0.4214%
Total	784,313,000		100.0%	3.7119%

Fair Hydro Trust – Deal Overview

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

Description

Fair Hydro Trust

C$400,000,000

Senior Notes

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

April 2018

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

Transaction Description

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

Investor Breakdown

By Type

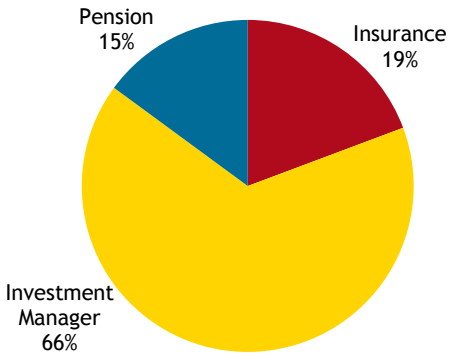

By Geography

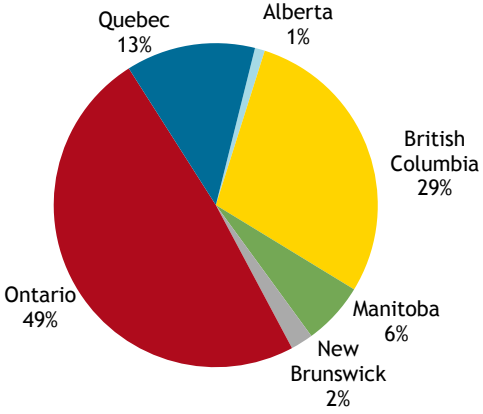

Deal Highlights

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

From: Ronald Kwan
To: John Kim
Subject: FW: Call re Delivery of Reference Documentation to Province
Date: Tuesday, January 09, 2018 9:27:03 AM
Attachments: Fair Hydro OM - Comments.pdf

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: January-09-18 09:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; VINER, JON <JON.VINER@blakes.com>
Subject: RE: Call re Delivery of Reference Documentation to Province

Hi. Here is a list of items that could be discussed at 9:30, in order to settle on the scope and nature of commenting on the OM:

MOE – Alignment Considerations

1. Simplified references to the OFHPA (general caveat)
2. Scope of descriptions (generally, should be …subject to the OFHPA and the Regulations)
3. "purposes" of the OFHPA (e.g., implies that is rate reduction)
4. Nature and duration of the "moratorium period" (non-legislative)
5. Trust vs. "financing entity" (permit multiple FEs and co-ownership arrangements – minimally described)
6. "Fair Allocation Amount" – amount vs. effect of calculation (imprecise); concept of "Readjustments" missing
7. Financing Plan – refinements (e.g., references to Refinancings)
8. Expectations re FAA – negative until 2024
9. "Ontario's Fair Allocation Plan" – styling
10. OPG appointment as FSM (initial only – ability for Minister to replace)
11. Inclusions into IESO deferrals (precision)
12. Carrying costs vs funding rebates (impact on nature of Investment Asset)???

13. No reference to pre-OFHPA adjustments (piggy bank)

14. Risk Factors – approach to describing legal risks and Protection Agreement as mitigation

15. Technical definitions and descriptions (e.g., carrying costs; forecasts from IESO rather than forecast information; invoicing mechanics; simplifications of definitions; etc.)

16. Limited discussion re contents of “Financing Plan”

17. No real recognition of tail risk and duration mismatch considerations and mitigants/strategies

18. No discussion re OFHPA rights of action, etc.

19. “non-bypassable” (meaning)

<u>OFA - Change of Law Protection Agreement</u>

1. Narrative (e.g., “in favour of the Issuer”)

2. Notes do not constitute debt of Province, etc. (confirm description) – additional considerations?

3. Scope of “Approved Obligations” (overbroad)

4. Positive obligations in favour of Province (e.g., apply amounts; credit for applied amounts)

5. Definition of “Protection Events” (align)

6. Rights of Subrogation (needs to be more detailed)

7. Mechanics of Protection Account

8. Limited direct rights of Noteholders (through indenture trustee)

9. Limitations on damages

10. Only passing reference to the “Process Agreement” in OM (but referred to in more detail in the Investor Presentation)

<u>Other</u>

1. Confidentiality (deemed vs. confirmed in writing)

2. Liability for Taxes (priority claim in waterfall; impact on triggers)

3. IESO - descriptions

4. Electricity Market; OEB; OPG

5. Platform (e.g., very broad cross default – beyond generic risk factors?)

6. Interplay between Warehouse and Term issuances

7. Description of 2018 Notes

8. Optional Redemption of Notes (confirm if applicable/acceptable)

FYI, attached is our internal (preliminary) mark-up of the OM. It should not be on-circulated at this stage. We are providing it now in case you would find it useful to have specified illustrations of the foregoing items.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, ~~Ontario Power Generation Inc. ("**OPG**")~~OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~ obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Risk Factors"*.

[1] **Note:** Blakes suggests that that this narrative be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.

[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with

liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO ..... ~~15~~17
ONTARIO'S FAIR HYDRO PLAN 18
CHANGE OF LAW PROTECTION AGREEMENT ..... ~~24~~18
THE ISSUER ..... ~~27~~18
THE MANAGER ..... ~~29~~18
SUBORDINATED DEBT ..... ~~32~~18
SHORT TERM INDEBTEDNESS ..... ~~33~~18
THE TRANSFEROR AND SERVICER ..... ~~34~~18
CREDIT RATINGS ..... ~~36~~18
RATING AGENCY CONDITION ..... ~~36~~18
CAPITAL MARKETS PLATFORM ..... ~~37~~18
DESCRIPTION OF NOTES ..... ~~60~~18
DEPOSITORY SERVICES ..... ~~63~~18
PLAN OF DISTRIBUTION ..... ~~64~~18
RISK FACTORS ..... ~~65~~18
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS ..... ~~77~~18
LANGUAGE OF DOCUMENTS ..... ~~81~~18
RESTRICTIONS ON RESALE ..... ~~81~~18
REPORTING REQUIREMENTS ..... ~~82~~18
STATUTORY RIGHTS OF ACTION ..... ~~82~~18
INDENTURE TRUSTEE ..... ~~93~~18
LEGAL MATTERS ..... ~~93~~18
GLOSSARY ..... ~~94~~18
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES ..... ~~106~~18
EXHIBIT 1 – INVESTOR PRESENTATION ..... ~~107~~18

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"* and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"* and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Ontario's Fair Hydro Plan:	On March 2, 2017, the Province of Ontario announced its Fair Hydro Plan, proposing to lower the average electricity bill for certain eligible customers.[3] On June 1, 2017, the Ontario government passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**")[, legislation that [reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms)].[4] From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[~~1~~5] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations.[6] The Issuer is a Financing Entity under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the

[3] **Note:** Blakes suggest this narrative is removed. The March 2 announcement describes the lowering of electricity bills as part of a significant system restructuring to address long-standing policy challenges and ensure greater fairness.

[4] **Note:** Blakes suggests that that this narrative be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.

[~~1~~5] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[6] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

"**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.

Transferor and Servicer:

The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.

Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**")~~.~~, although the IESO is not entitled to exercise this right before May 1, 2021. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.

Investment Interest:

Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the ~~right~~rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager ~~and will be converted by the OEB into a $/kWh rate and added to the electricity invoices sent to~~based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment ~~is an amount~~will be determined by the Financial Services Manager for each month in a Reference Period ~~(which is generally a six month period, subject to more frequent determinations in certain circumstances)~~ and consists of the sum (without duplication) of: (i) the estimated Finance Amount in

respect of the Reference Period, which ~~includes all financing and other expenses of the Issuer for~~will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is ~~comprised of~~required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods ~~plus other anticipated shortfalls.~~ .

The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption ~~and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not ~~be~~been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for ~~such~~a Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other carrying costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][7]

Non-bypassability: The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is

[7] **Note:** Blakes suggests that this narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, ~~2021,~~2021,[8] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its carrying costs. Under the Regulations, "carrying costs" include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[9]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs. The amounts paid by the IESO to fund these carrying costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated

[8] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[9] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment ~~after such time shall~~for a period will be determined without regard to the fact that such amount has become ~~immediately~~ due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors.

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed ~~in $/~~as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment ~~in respect of the relevant period of time~~ as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast ~~provided by the IESO~~ of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment ~~commencing May 1, 2021,~~ as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][10], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][11] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[12] If an Electricity Vendor does not receive payment in full of an invoice issued to a

[10] **Note:** This and similar references to the Issuer should instead refer to Investment Interest owners, of which the issuer is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.
[11] **Note:** Please see note 10.
[12] **Note:** Please see note 10.

Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[13] It is a deemed condition of their distribution license that Electricity Vendors comply with the FHPA.[14]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See *"The Manager"*.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management

[13] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.
[14] **Note:** Please confirm.

and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][15], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][16] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including ~~forecasting~~providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][17] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the ~~Issuer and the~~ Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" ~~under~~when due and payable into the ~~Change of Law~~ Protection ~~Agreement and which~~Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of ~~the~~ Notes). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years ~~and which~~that are not terminable by the Issuer on less than

[15] **Note:** Please see note 10 regarding bracketed references to the "Issuer" in this paragraph..

[16] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

[17] **Note:** Please confirm.

three years' notice ~~and on payment~~under which the Manager, acting reasonably, expects aggregate payments by the Issuer ~~of~~during the term of the contract in an amount equal to or ~~less~~greater than $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA, in whole or in part, as in effect on the date hereof;

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

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

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (a) to (e) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts ~~in respect of Approved Obligations, including the Senior Notes, the~~when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have ~~a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations

under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

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

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant ~~or representation of OPG~~, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions ~~having~~have been taken by or on behalf of the Indenture Trustee to remove the Financial

Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall ~~cease to~~not apply ~~only~~ in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer~~, in each case following delivery of a Suspension Notice~~.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension ~~if~~that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**") in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[18]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities ~~and having~~for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of

[18] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

providing Clean Energy Benefits].[19] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

[Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.] [20] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

Use of Proceeds:

The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related

[19] **Note:** Please revise to characterize the purpose of the FHPA as consistent with the stated purposes of the FHPA in Section 3 of the Act.
[20] **Note to MOE:** Please review in particular.

	costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of carrying costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay carrying costs after April 2021 to the extent that funds can be so

applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;

- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private

	contract. Any Senior Notes so purchased shall be cancelled.
Distribution Method:	The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost

half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of Electricity Vendors.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with

the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:

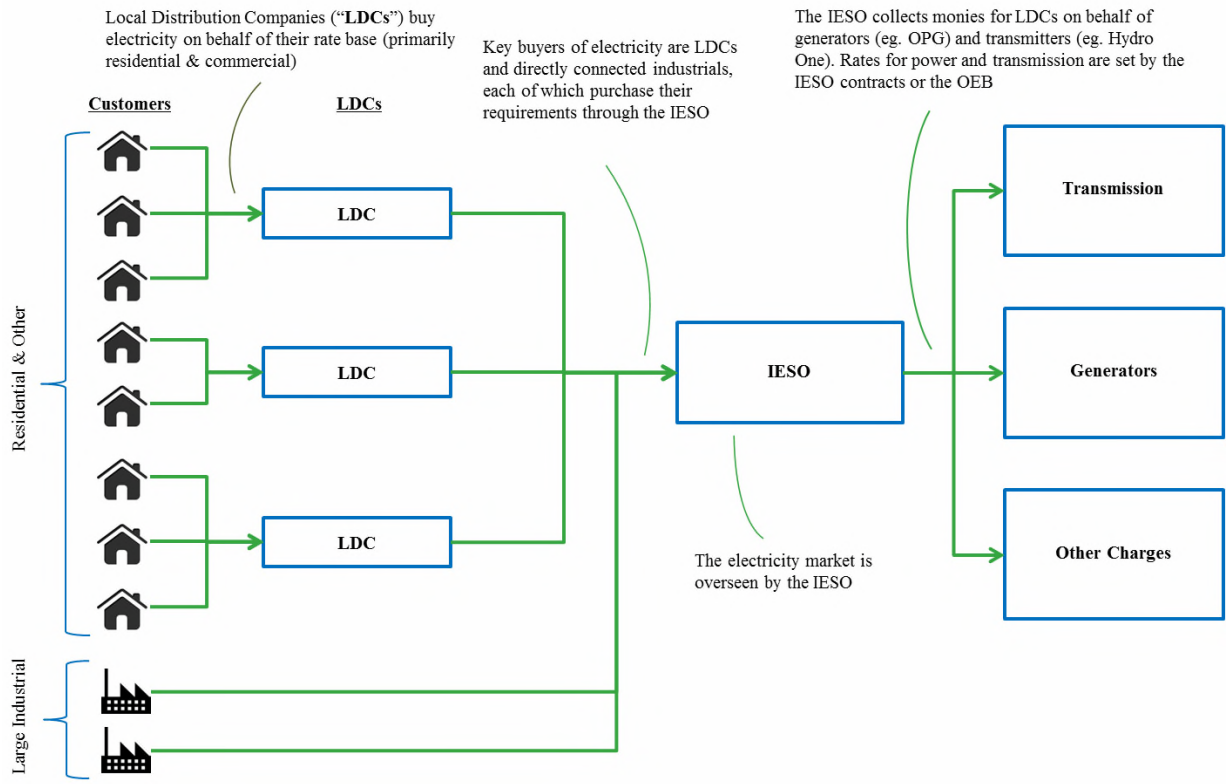

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the hourly Ontario energy price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO on an hourly basis based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is also paid by loads. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts

with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all loads with a peak demand under 500 kW (in other words, all Specified Consumers), the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices for residential and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in the previous period. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][21]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[22] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming

[21] **Note:** Blakes suggests that this narrative is removed, or if necessary, that the description of the FHPA tracks the purposes of the Act as set out in Section 3 to the Act.

[22] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one ~~of~~or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[23] The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**")~~.~~, although the IESO is not entitled to exercise such right before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover ~~all~~ its "Finance Amounts" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and the

[23] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

~~Issuer~~Financing Entity's interest therein, an "**Investment Interest**"). The Investment ~~Interest consists of,~~ Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[24]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers to cover the cost of financing the shortfall that results from the Fair Adjustment. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a ~~Reference Period~~period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the ~~Reference Period~~period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the ~~Reference Period~~period;

[24] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this described explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be merited here.

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the ~~Reference Period~~period;

(iv) payments required to be made in respect of any derivative agreements during the ~~Reference Period~~period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) ~~fees~~Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the ~~Reference Period; and~~period;

(vii) taxes paid or payable by ~~the Issuer~~or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that ~~are paid or~~ payable during the ~~Reference Period;~~period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the ~~Reference Period~~period;

(ii) for any period before May 1, 2021, amounts received during the ~~Reference Period in respect of funding rebates~~period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the ~~Reference Period~~period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the ~~Reference Period~~period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the ~~Reference Period~~period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax ~~during the Reference Period~~and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (~~a~~b) from the sum calculated under (~~b~~a).

~~The Clean Energy Adjustment will also take into account a true-up comprised of~~In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment ~~plus other anticipated shortfalls (the "**True-up Amount**")~~during the preceding Reference Periods. The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption ~~and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. ~~After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly.~~ The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a ~~$/~~cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment ~~in respect of the relevant period of time~~ provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption ~~provided by the IESO~~ of Specified ~~Consumers~~Creditors in respect of ~~the period~~such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[25] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[26] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[27] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other carrying costs, will be the amounts the IESO is

[25] **Note:** Please see note 10 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).
[26] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.
[27] **Note:** Please confirm.

obligated to pay under the Regulations during such period.][28] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

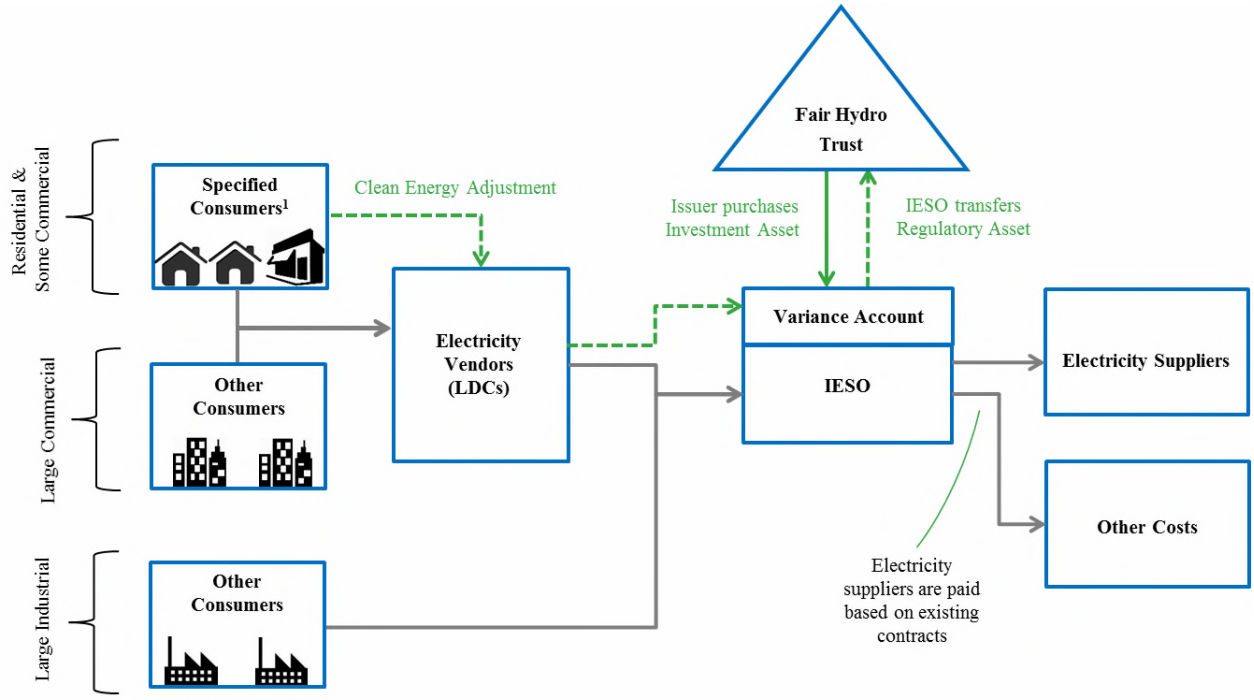

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[29] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of ~~any~~the first Funding ~~Obligations and the~~Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the

[28] **Note:** Blakes suggests that this narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

[29] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits][30]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

[Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][31] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[32] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its "carrying costs". "Carrying costs" include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[33] The amounts paid by the IESO to fund these carrying costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See "*The Transferor and Servicer*". The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts

[30] Blakes suggest that any description of the purpose of the FHPA strictly conforms with the stated purposes of the Act set out in Section 3.
[31] **Note to MOE:** Please review.
[32] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.
[33] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the ~~Ontario government~~Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of ~~the Issuer and~~ the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**". The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA, in whole or in part, as in effect on the date hereof;

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

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

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (a) to (e) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

~~The priority of payments made~~

On a Protection Event and payment by the Province of Ontario ~~under the Change of Law Protection Agreement is governed by the Master Trust Indenture. Upon paying amounts in respect of the Approved Obligations, the Province of Ontario will have a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and

interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a suspension notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any ~~refinancing of a Certified Primary Obligation~~Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

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

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

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

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation

that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a ~~refinancing~~Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such ~~refinancing~~Refinancing.

A "**Pre-Approved Refinancing**" means a ~~refinancing~~Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document ~~to which the Limited Guarantee applies and~~ which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

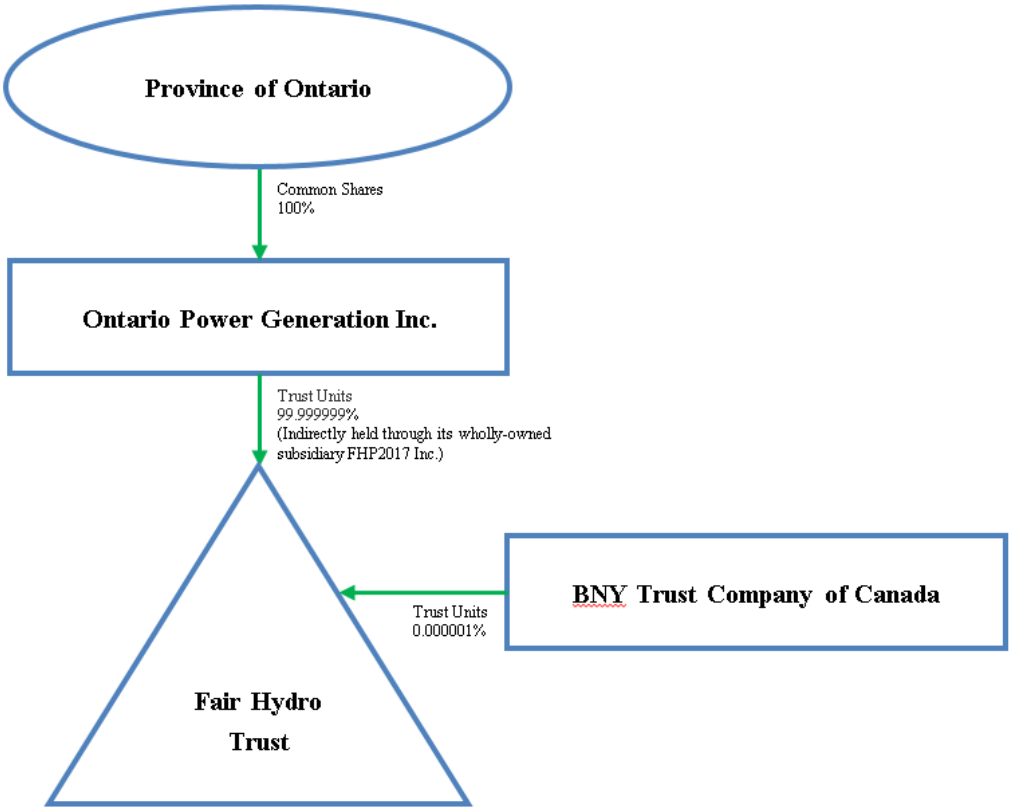

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the

detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations,[34] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean

[34] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors – Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program

Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or carrying costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

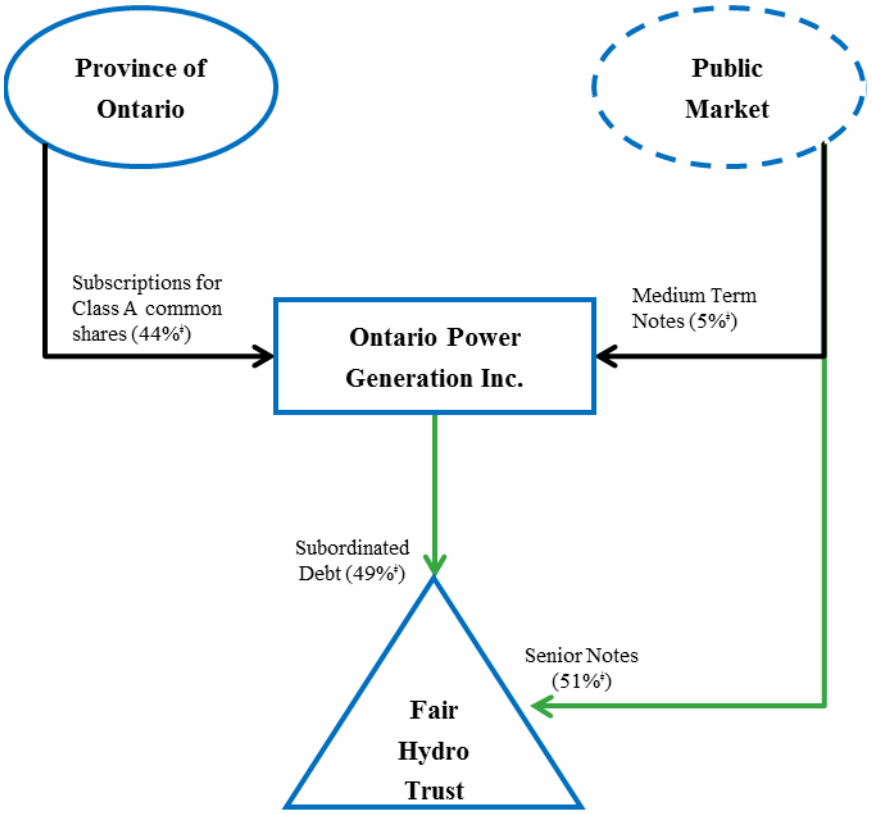

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer,

the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[35] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's carrying costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its carrying costs. Under the Regulations "carrying costs" include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[36] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs.

As security for the performance of its obligation to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these carrying costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

[35] **Note:** Please confirm.

[36] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, *"— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and

will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described

below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without

preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has an been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the ~~Collection~~Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. ~~All~~On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario ~~pursuant to~~under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the

sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will not be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the

number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of

interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the

Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in the any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may

only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel of external counsel, each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably

expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;
- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;
- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;
- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;
- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;
- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;
- facilitate the issuance of foreign currency Issuer Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or
- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;
- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or
- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;
- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;
- a reduction in the amount of a discount note payable upon its acceleration;
- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;
- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;
- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or
- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;
- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;
- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;
- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;
- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;
- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the

exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of

such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding*

Obligations". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;
- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and
- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed

(provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee

by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit ~~were successful, it would likely be a Protection Event and the provisions of the Change of Law Protection Agreement would apply. See *"Change of Law Protection Agreement"*. If such successful lawsuit was not, however, a Protection Event~~was

successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the ~~Province of Ontario~~Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or revoked. Therefore, the only way for such provisions of the FHPA to be amended or revoked would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment or revocation. Any such action that materially and adversely ~~effects~~affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay ~~its obligations under the Senior Notes~~Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available. Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the

Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other carrying costs, solely upon the IESO who is obligated under the Regulations to pay these carrying costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's carrying costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs. ***[NTD: IESO credit facility description to be confirmed.]*** There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other carrying costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other carrying costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of carrying costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of carrying costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and

the Issuer must rely for payment of all of its other carrying costs, solely upon the IESO who is obligated under the Regulations to pay these carrying costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. ~~However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.~~

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[37]

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating

[37] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the ~~FHPA~~Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[38] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to

[38] **Note:** Please confirm.

terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[39] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

[39] **Note:** Please confirm source/ conform to wording in FHPA.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these

provisions of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantee of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may

only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations

and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the

acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements

of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

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

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable

securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable

grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after

the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward

Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

(i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

(ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

(i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

(ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf

offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to

contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under "*Capital Markets Platform — Security — Issuer Accounts*".

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act*

(Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether Funding Obligations should be incurred for the purposes of acquiring Investment Interests, including any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

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

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from

and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

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

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer,

and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indentures and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

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

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices.*

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment

Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied

for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amount**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

information: Superintendent of Securities

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on Monday, January 08, 2018 8:40:27 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23287504/1
Description	TOR_2528-#23287504-v1-Fair_Hydro_OM_-_Blakes_Comments
Document 2 ID	PowerDocs://TOR_2528/23287504/2
Description	TOR_2528-#23287504-v2-Fair_Hydro_OM_-_Blakes_Comments
Rendering set	standard

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

Statistics:	
	Count
Insertions	343
Deletions	154
Moved from	6
Moved to	6
Style change	0
Format changed	0
Total changes	509

From:	John Kim
To:	Ronald Kwan
Subject:	FW: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 3:13:07 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v07Clean.docx

So sorry Ron….must be my remaining jetlag. I forgot to copy you!

John

From: John Kim
Sent: Wednesday, January 03, 2018 2:44 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi,

Pls. see attached with our suggested comment additions in red. We are still waiting for comments from MOF Legal, if any.

Thanks,

John

Begin forwarded message:

> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** January 3, 2018 at 10:25:21 AM EST
> **To:** John LEE <john.s.lee@opg.com>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject: Re: Draft Fair Hydro Investor Presentation.**
>
> Hi,
>
> And we'll have a couple comments as well, and we looped in MOF Legal to take a quick look too.

Thanks,
Ron

On Jan 3, 2018, at 10:15 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Hi John:
> I think Ken caught the main issues on my side as well.
>
> Mike
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Wednesday, January 03, 2018 10:00 AM
> **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> Hi John
>
> Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.
>
> - Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC
> - Page 25 - Change of law Process Agreement; I would add that the PAM is set and updated by the Financing Plan.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** LEE John -TREASURY [mailto:john.s.lee@opg.com]
> **Sent:** Thursday, December 21, 2017 5:33 PM
> **To:** Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY

<j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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Fair Hydro Investor Presentation Comments

Slide #	Reference	Comment
Slide 4	Images	Consider removing the nuclear and large hydro images as the plan only covers costs form renewables procurements, gas and conservation.
Slide 6	First bullet	Suggest using "proxy consumer" instead of "average" in this context, which would be more accurate and consistent with legislation as covered later in the presentation.
Slide 6	Second bullet	Suggest changing "8% rebate in the provincial portion…" to " 8% rebate equivalent to the provincial portion…".
Slide 6	Third bullet	Language suggest that bills will increase back to status quo in 2021 – suggest adding language regarding increases back up to and past the status quo over time.
Slide 7	First bullet	Consider replacing the phrase starting from "in an amount…" with "in such an amount that the total OPG-held subordinated debt does not exceed 49% of all outstanding debt", for clarity.
Slide 11	First bullet	Suggest rewording to the following: "As part of the restructuring of Ontario's electricity industry under the Energy Competition Act, 1998, the municipal electricity utilities became municipally-owned business corporations, including local distribution companies ("LDCs")." – Some LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners."
Slide 14	Second bullet	Consider replacing "previously established regulated rate" with "regulated rate established in the first year of the Rate Reduction Period".
Slide 14	Last bullet	Similar to comment on Slide 6 above, suggest referencing increases back up to and beyond status quo over time.
Slide 15	Third bullet	Consider adding in the words "in favour of the Trust" at the end of the bullet [IESO Security Agreement]. Also, the $2 billion credit facility is provided by the Ontario Financing Authority, not the OEFC.
Slide 15	Last bullet	Also, consider rewording so as not to suggest that the $2 billion facility is solely for "carrying costs". Also, suggest that the last clause on security be a stand-alone bullet, not part of the OFA credit facility bullet.
Slide 16	Second bullet	Consider rephrasing to align better with the offering memorandum and legislation.
Slide 16	Third bullet	Consider adding in the word "mainly" before "in respect of …" [see O.Reg. 206/17 section 5].
Slide 16	Bill image	Consider removing as text description should be sufficient.
Slide 17	Second bullet	Consider replacing the words "dealt with" with "mitigated" to avoid suggesting that the risk is eliminated.

Slide 17	Number 2 in the process chart	Consider adding in the word “amount” at the end [O.Reg. 206/17 section 8(2)].
Slide 17	Number 6 in the process chart	Consider replacing the words “in a trust” with “in trust” [FHPA section 16(3)].
Slide 18	Chart	Consider adding explanation of readjustment amount.
Slide 20	OEB’s relationship with OPG in the diagram	Consider replacing “review of OPG Fees” with “review and approval of OPG Fees” to better align with the language in O. Reg. 206/17. Consider replacing “Management Agreement” with “Regulation”.
Slide 20	IESO’s relationship with the Fair Hydro Trust	Note that the Acknowledgement and Indemnity Agreement is made to the Indenture Trustee. Consider editing to avoid confusion.
Slide 20	Ontario Caption	Suggest just having “Province of Ontario” (i.e., omit “(Ministry of Energy)”)
Slide 21	"Suspension Notice"	May wish to consider noting in the sentence that post-suspension refinancing is covered by the guarantee. As this was something Torys made a point of including in the agreement for financeability, suggest including for investors.
Slide 23	Key Terms – Moratorium Period (bullet 3)	Consider replacing “(until May 1, 2021)” to “(until April 30, 2021) and up to July 31, 2021” [see section 21(4) of FHPA and section 9.1 of O. Reg. 206/17]. Consider removing “which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period”, since this is not expressly provided in the MTSA [also see section 16 of O. Reg. 206/17].
Slide 28	Third bullet	Consider replacing “fit under the fair allocation curve” with “ensure reasonable alignment with fair allocation amounts”. [see paragraph 1 of section 21(3) of FHPA].
Slide 31	Chart	The post-FHP bill should not follow the status quo trajectory between 2025 and 2028 – bill should be above status quo including rebates as the FAA is positive for those years (Fair Adjustment would be used to offset the majority of the CEA but the amount of the FAA would remain).
Slide 36	First bullet	Consider removing references to “statutorily mandated”. Remittances from IESO are mandated under s. 9.1 of O. Reg. 206/17.
Slide 38	Political Risk	Consider reviewing the characterization of the risk to align with the risk as described in the Agreements.
Slide 38	Third bullet	Please note reference to ability to disconnect service for non-payment by LDCs isn’t fully reflective of the requirement, consider revising to be more reflective of the actual mechanism.

From:	Ronald Kwan
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	FW: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 7:00:18 AM
Attachments:	Appendix 1 Fair Hydro Trust Draft Investor Presentation - Dec 21 to ARC.pdf Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions.docx

Hi Malle, Toby,

Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?

Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.

Thanks, and a Happy New Year to you both.

Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 11:39 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Ron, here's the presentation. They're looking for comments this week.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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Fair Hydro Trust
Investor Presentation

January [xx], 2018

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Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer &
Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan ("FHP") on March 2nd, 2017, which proposed to lower the average electricity bill for eligible customers[1] (referred to as "Specified Consumers") by 25% (the "Fair Adjustment") • The 25% reduction includes an 8% rebate in the provincial portion of the HST granted by the Ontario government in January 2017 • It is expected that the rate reduction will be in effect to April 30, 2021, with any rate increases over that period limited to the rate of inflation in Ontario
Legislation	• On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "FHPA" or "Act"), legislation that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers • The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment ("CEA") that will be determined by Ontario Power Generation ("OPG") in its role as Financial Services Manager under the Act • The CEA will be determined for each six month reference period and converted by the Ontario Energy Board ("OEB") into a $/kWh rate and added to electricity invoices sent to Specified Consumers commencing on May 1, 2021 • From July 1, 2017 until April 30, 2021 (the "Moratorium Period"), no CEA will be collected; during this period the Independent Electricity System Operator ("IESO") is obligated to pay all funding costs (excluding principal) under the Regulations
Fair Hydro Trust ("FHT")	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior and subordinated notes • Structured to be bankruptcy remote and ring fenced from OPG

[1] Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt of the Trust in an amount not to exceed 49% of all outstanding debt

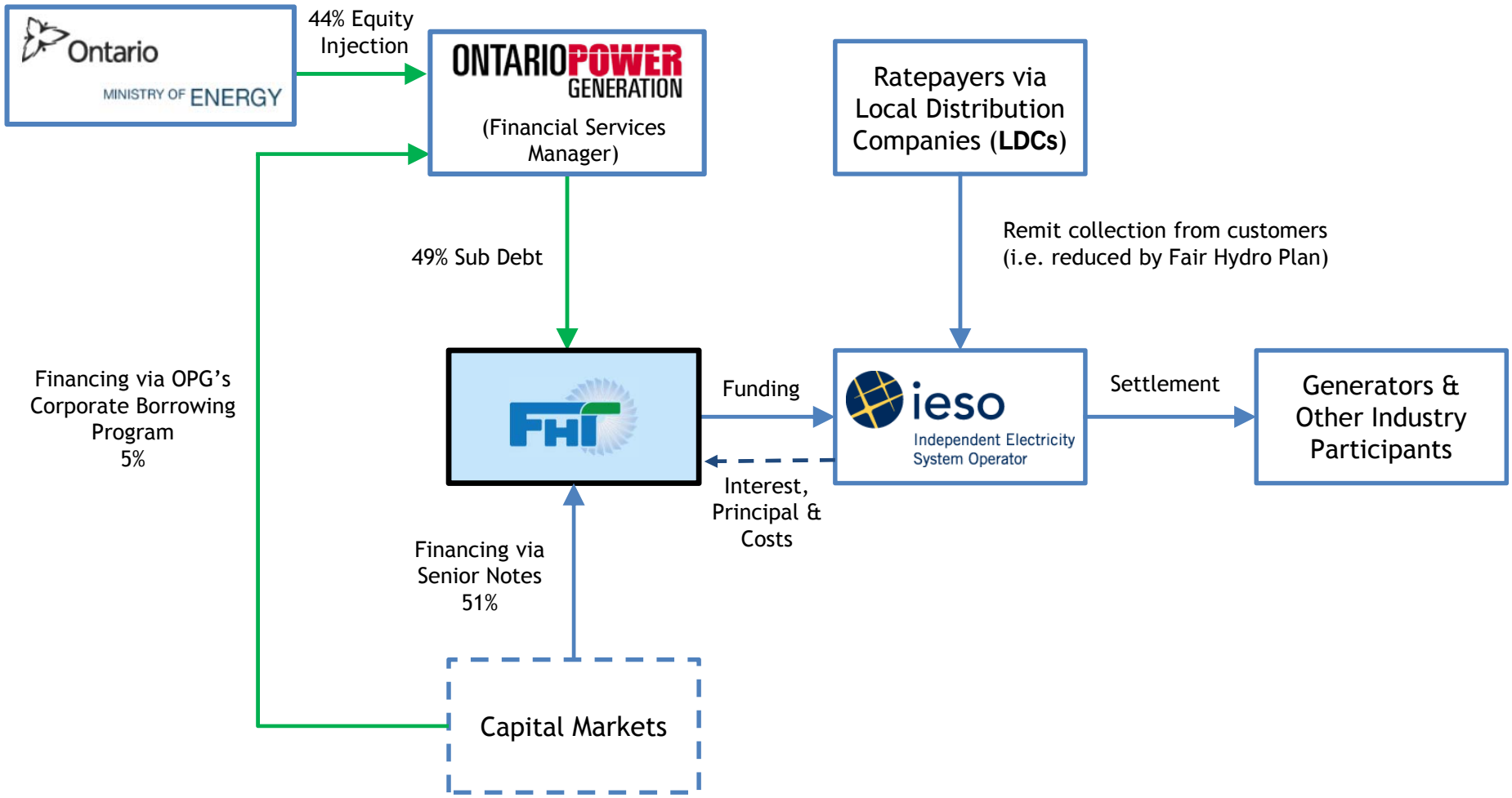

Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to not include the assets and liabilities of OPG, and vice versa

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in annual cash flows
- Transmission rates, distribution rates, and OPG's regulated rates are set by the Ontario Energy Board
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

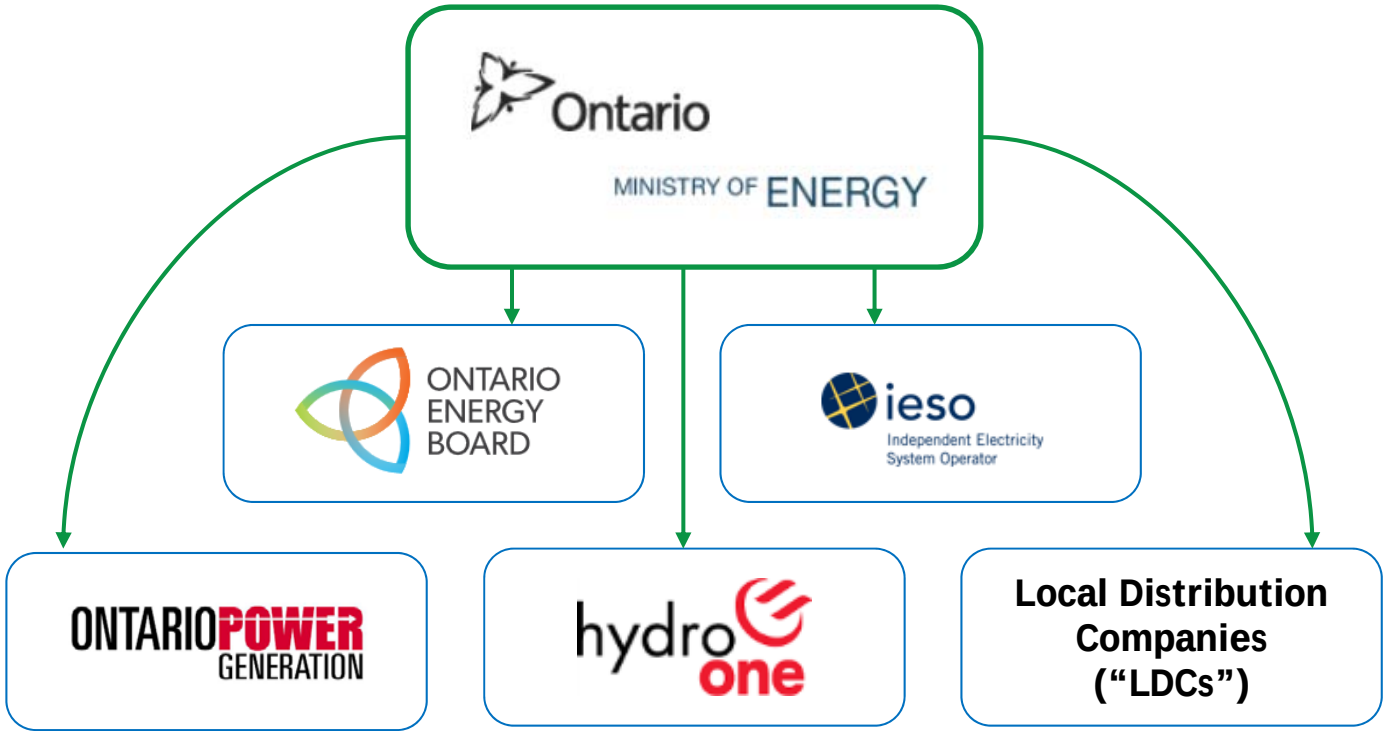

Key Industry Participants

Participant	Rating *(DBRS / S&P / Moody's)*	Description
ONTARIO ENERGY BOARD	--	• The OEB is an independent public regulatory agency established under the Ontario Energy Board Act, 1998 • The Ontario Energy Board Act, 1998 provides the OEB with the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • The OEB sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan ("RPP"); RPP rates are set twice a year (May and November) • RPP prices are set for: time-of-use (On-peak, Mid-peak, and Off-peak); and tiered (Tier 1 and Tier 2), to recover the forecast commodity cost of electricity
ieso Independent Electricity System Operator	A(h) / -- / Aa2	• The Independent Electricity System Operator (the "IESO") is a not-for-profit corporation established under the Electricity Act, 1998 • The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
ONTARIO POWER GENERATION	A(l) / BBB+ / --	• OPG is a corporation formed under the Business Corporation Act (Ontario), whose sole shareholder is the Province of Ontario • OPG's principal business is the generation and sale of electricity in Ontario • OPG is Ontario's largest electricity generator, providing approximately half of Ontario's electricity
hydro one	A(h) / A / A3	• Hydro One is Ontario's largest electricity transmission and distribution company; Hydro One delivers electricity to over 1.3 million customers across the Province of Ontario, and to large industrial customers and municipal utilities

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations
  - These distributors are typically referred to in Ontario as local distribution companies, or "LDCs"
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors
  - A service territory may cover large portions of all of a particular municipality, or an otherwise-defined geographic area
  - Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals

Select Aggregate Market Stats[1]

Number of LDCs	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with financing costs, in a variance account
- FHT will finance the shortfall and is entitled to recover its costs through CEAs from Specified Consumers

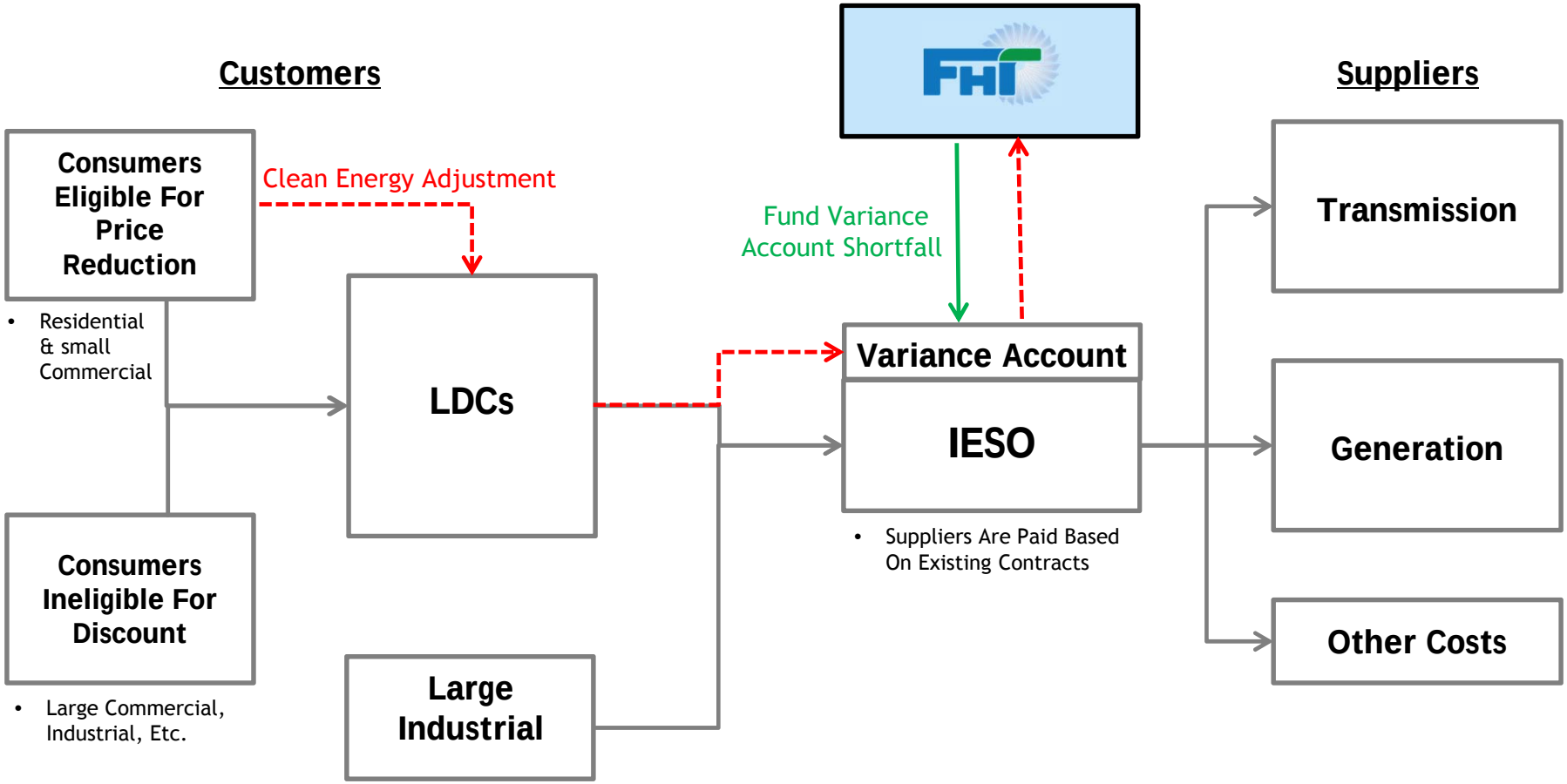

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiative; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• *July 1, 2017 – April 30, 2018* – Specified Consumers charged an invoice amount that is 25% less than the regulated rate that would otherwise have been determined by the OEB (referred to as the "Fair Adjustment") • *May 1, 2018 – April 30, 2019* - previously established regulated rate anticipated to increase by the rate of inflation in Ontario • *May 1, 2019 – April 30, 2021* - rate reductions will be established by regulation but anticipated to increase by the rate of inflation in Ontario

Legislation Overview

Regulatory Asset	• Each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "Regulatory Asset") • The IESO may transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset
Investment Asset	• If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right, an "Investment Interest") • By acquiring an Investment Interest, the Trust will be entitled to recover all of its costs of such financing and will acquire the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers • The Trust is not obligated to purchase Regulatory Assets from the IESO
Moratorium Period	• From July 1, 2017 to April 30, 2021, CEAs are not permitted to be collected from Specified Consumers ("Moratorium Period") • The IESO is obligated to pay all funding and other expenses of the Trust (referred to as Carrying Costs), excluding principal, during the Moratorium Period up to July 31, 2021 • The IESO has a $2 billion credit facility from the Ontario Electricity Financing Corporation ("OEFC") to pay Carrying Costs; as security for the performance of its obligations, the IESO has granted a first-priority security interest in all of its accounts receivables

Clean Energy Adjustments

- Under the FHPA, the "clean energy adjustment" is the amount payable by Specified Consumers to cover the cost of financing the shortfall from the Fair Adjustment and the associated costs to finance, including operating costs of the Trust and funding of reserve accounts
- CEAs may not be set off or by-passed by Specified Consumers
- **Finance amount** = estimate of the amount payable by the Trust in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments
- **True-up amount** = captures the difference between the finance amounts incurred by the Trust and the CEAs collected from consumers and also includes other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

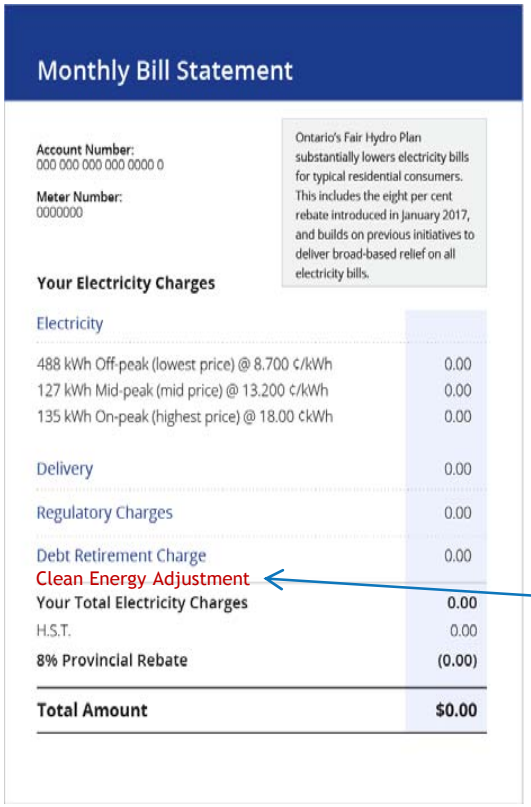

Monthly Bill Statement

Account Number:
000 000 000 000 0000 0

Meter Number:
0000000

Ontario's Fair Hydro Plan substantially lowers electricity bills for typical residential consumers. This includes the eight per cent rebate introduced in January 2017, and builds on previous initiatives to deliver broad-based relief on all electricity bills.

Your Electricity Charges

Electricity	
488 kWh Off-peak (lowest price) @ 8.700 ¢/kWh	0.00
127 kWh Mid-peak (mid price) @ 13.200 ¢/kWh	0.00
135 kWh On-peak (highest price) @ 18.00 ¢kWh	0.00
Delivery	0.00
Regulatory Charges	0.00
Debt Retirement Charge	0.00
Clean Energy Adjustment	
Your Total Electricity Charges	0.00
H.S.T.	0.00
8% Provincial Rebate	(0.00)
Total Amount	**$0.00**

New charge that will be added to electricity bills in May 2021 as a separate line item

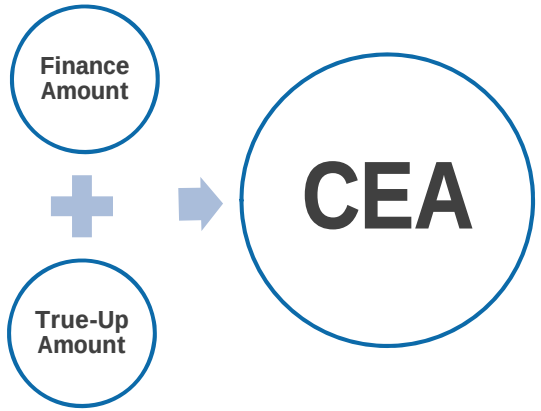

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are dealt with through statutory rights in the Act, the collection obligations of the IESO under the Master Transfer & Servicing Agreement ("MTSA") and the ability to include amounts into the true up mechanism

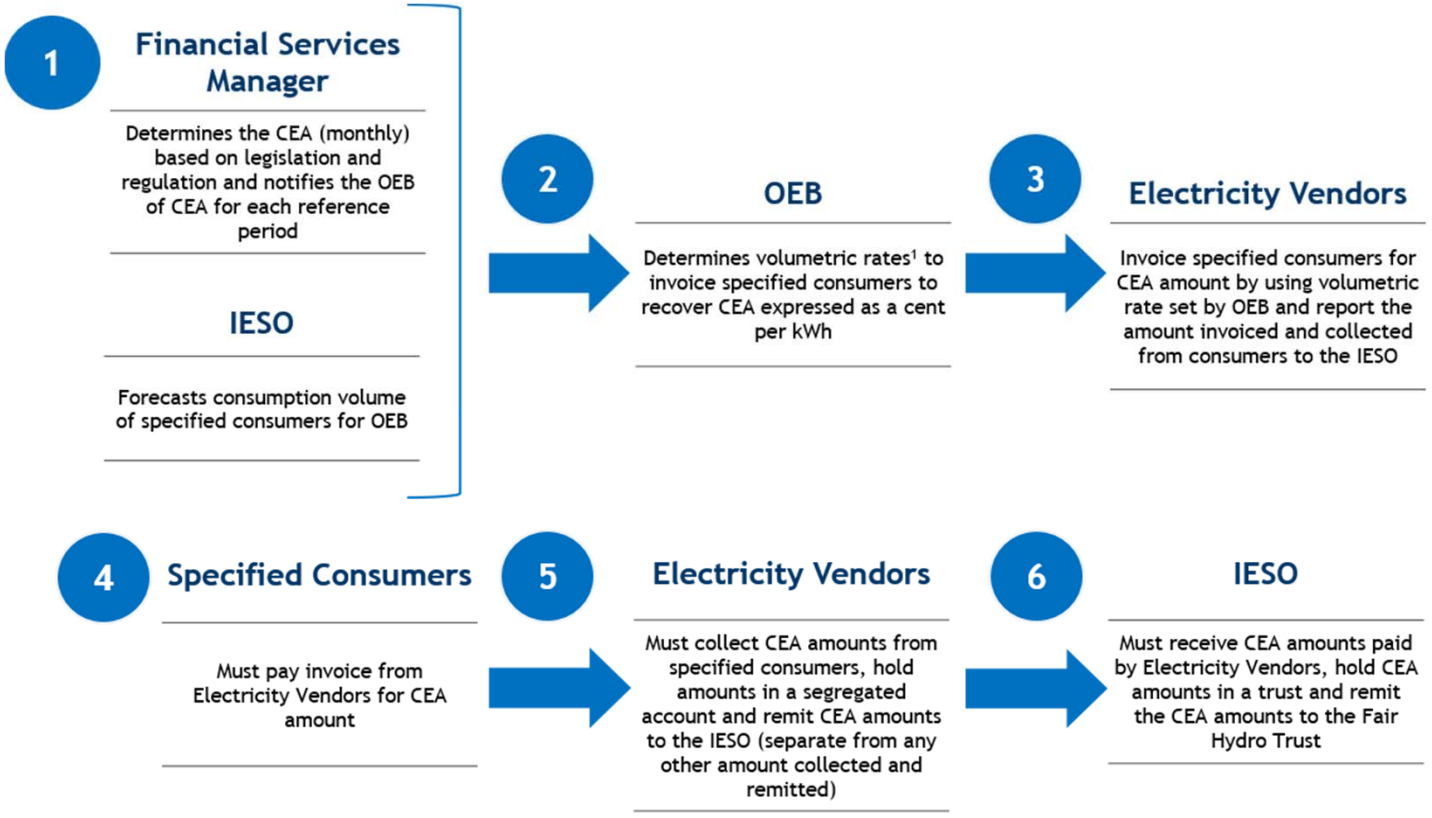

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers

Fair Allocation Amount

- The Fair Allocation Amount ("FAA") is the estimated clean energy costs without consideration of the FHP compared to these same costs reallocated on the basis of estimated clean energy benefits to Specified Consumers in respect of each reference period and includes operating and financing costs of the FHT
- If the FAA is negative, this means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers); the FAA is expected to be negative until at least May 2024
- The Ministry of Energy will provide updated FAAs to OPG from time-to-time

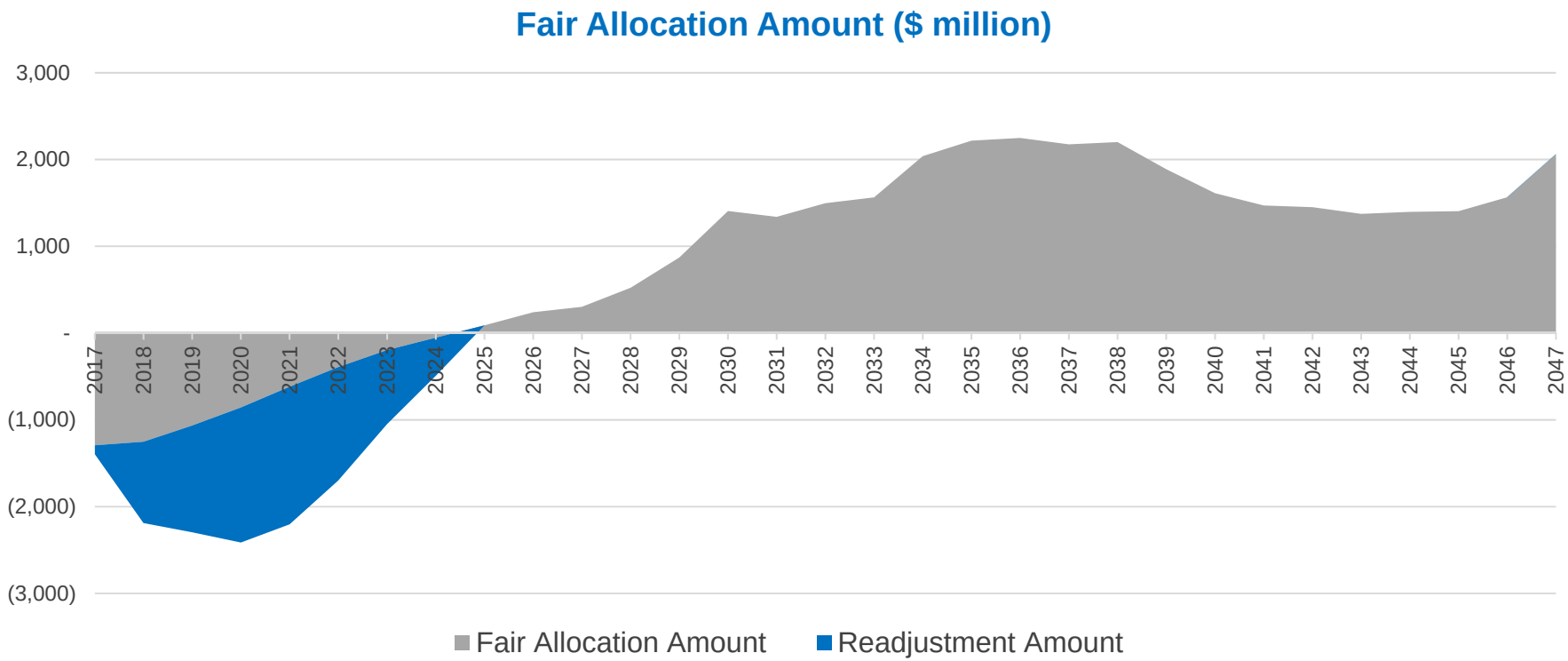

IV. Contractual Framework

Simplified Contractual Structure

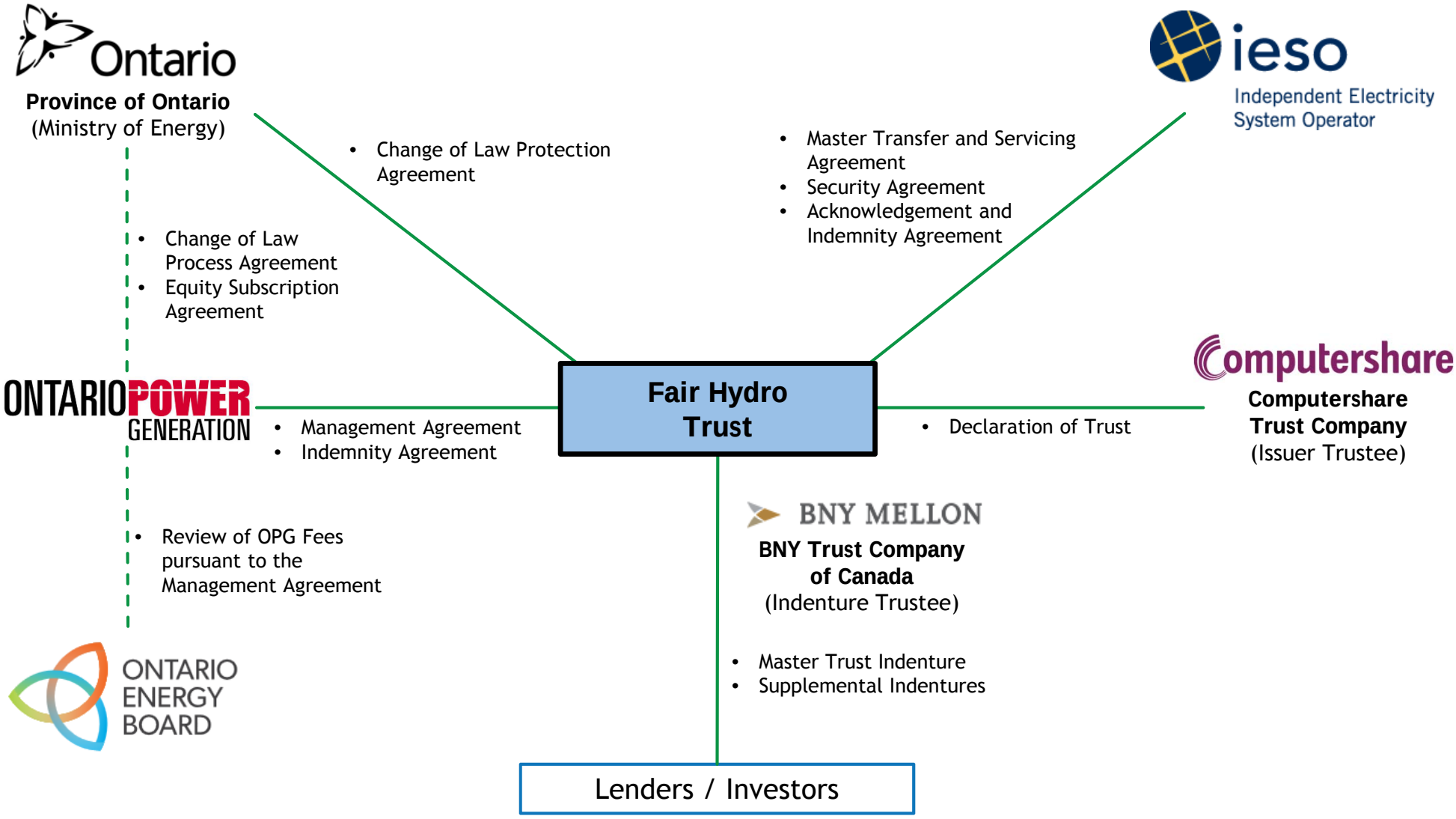

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario as Obligor and (2) Indenture Trustee, on behalf of Specified Creditors[1], as Beneficiaries and (3) OPG as Financial Services Manager ("FSM")
Purpose	• Provides assurance to investors that upon the occurrence of a Protection Event, the Province of Ontario will have an obligation to make payments on behalf of the Trust
Key Terms	• **Term**: Continues for as long as any obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding • **Mandatory Payment**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all obligations when due and payable • **Priority of Payments**: The priority of payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from change in law protection from the Province • **Suspension Notice**: The Province may deliver a suspension notice, after which date funding obligations incurred will not have the benefit of the Change of Law Protection, upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events:

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province
- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is ultra vires or invalid in a way that adversely affects the ability of the Trust to pay its obligations

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts and any reasonably expected potential effect of a true-up amount

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) the IESO, as transferor and servicer; (2) the Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of the regulatory asset, and upon such transfer the Trust acquires an investment interest
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the regulatory asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the investment interest under the Regulations, including collecting clean energy adjustment amounts from electricity vendors and remitting the same to the Trust, including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause electricity vendors to do the same – Collect CEAs from electricity vendors – Remit CEAs monthly to the Trust – Prepare monthly servicer reports – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During Moratorium Period (until May 1, 2021), the IESO will be required by regulation to fund all interest and other expenses of the Trust, which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, for the obligation of non-rated or non-investment grade rated electricity vendors.

Key Agreements (cont'd)

Management Agreement

Parties	• Issuer Trustee, on behalf of the Trust, and OPG, as Manager
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or caused to be reviewed, records of electricity vendors on a annual basis with respect to CEAs – Preparing financial statements; and – Paying taxes on behalf of the Trust • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire investment interests • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee and provides certain indemnities with respect to its duties and obligations under the MTSA
Indemnity Agreement (OPG)	• OPG, as manager under the Management Agreement, provides certain indemnities to the Indenture Trustee with respect to its duties and obligations under the Management Agreement
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of a proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time) to be exceeded
Equity Subscription Agreement	• Specifies the terms and conditions upon which the Province provides equity injections to OPG to purchase subordinated debt issued by the Trust
Declaration of Trust	• Establishes FHT to carry out activities for the benefit of its beneficiary unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare)

Allocation of Servicing Role and Responsibilities

The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Annually Review Records of LDCs with Respect to CEAs	✔		
Determination of True-Up Amount	✔		
Ongoing Filings for Trustee and Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management		✔	
Preparation of Monthly Service Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit) and OPG subordinated debt will be used to fund monthly regulatory asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

ABCP Conduit	• ABCP conduit and OPG subordinated debt will be used to fund monthly regulatory asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance short term debt financing provided by ABCP conduit and OPG subordinated debt • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to fit under the fair allocation curve (bullet bonds with synthetic amortization or amortizing bonds)
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund regulatory asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be purchased by OPG, primarily with equity injections from the Province (44%) and the remaining 5% from OPG

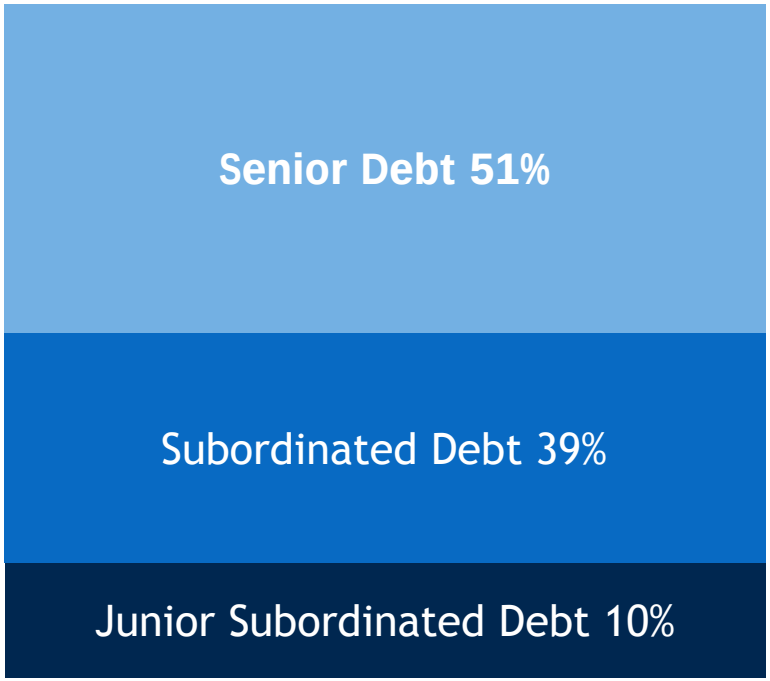

Senior Notes
Term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%)
- Provided to Trust by OPG via the Province (5%)

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which will mature over a period after 2029

Illustrative Aggregatee Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

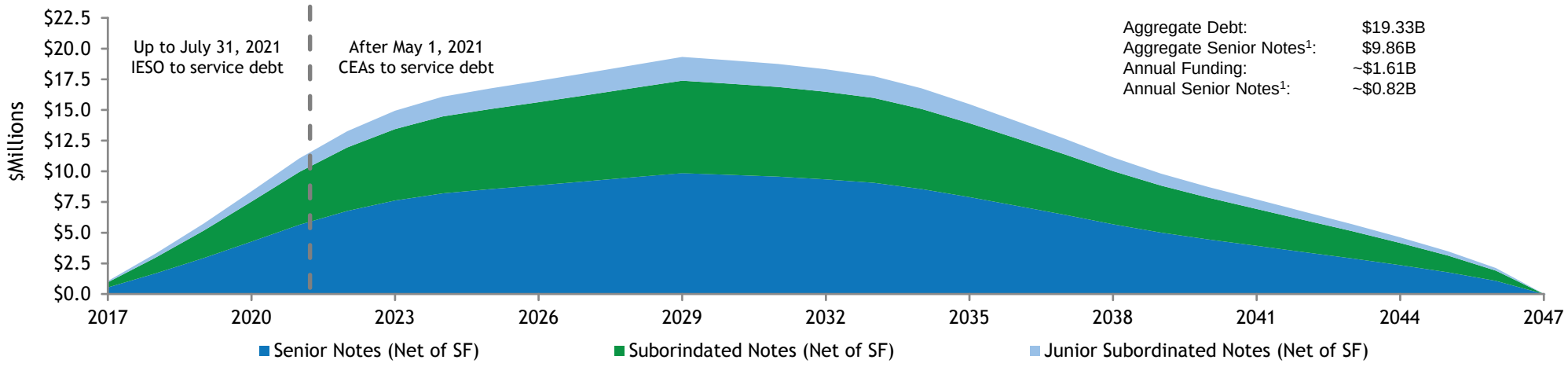

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro program, the clean energy adjustment for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Max CEA as a percent of the total bill is forecast to be 10.1%
- Average CEA as a percent of the total bill is forecast to be 6.9%

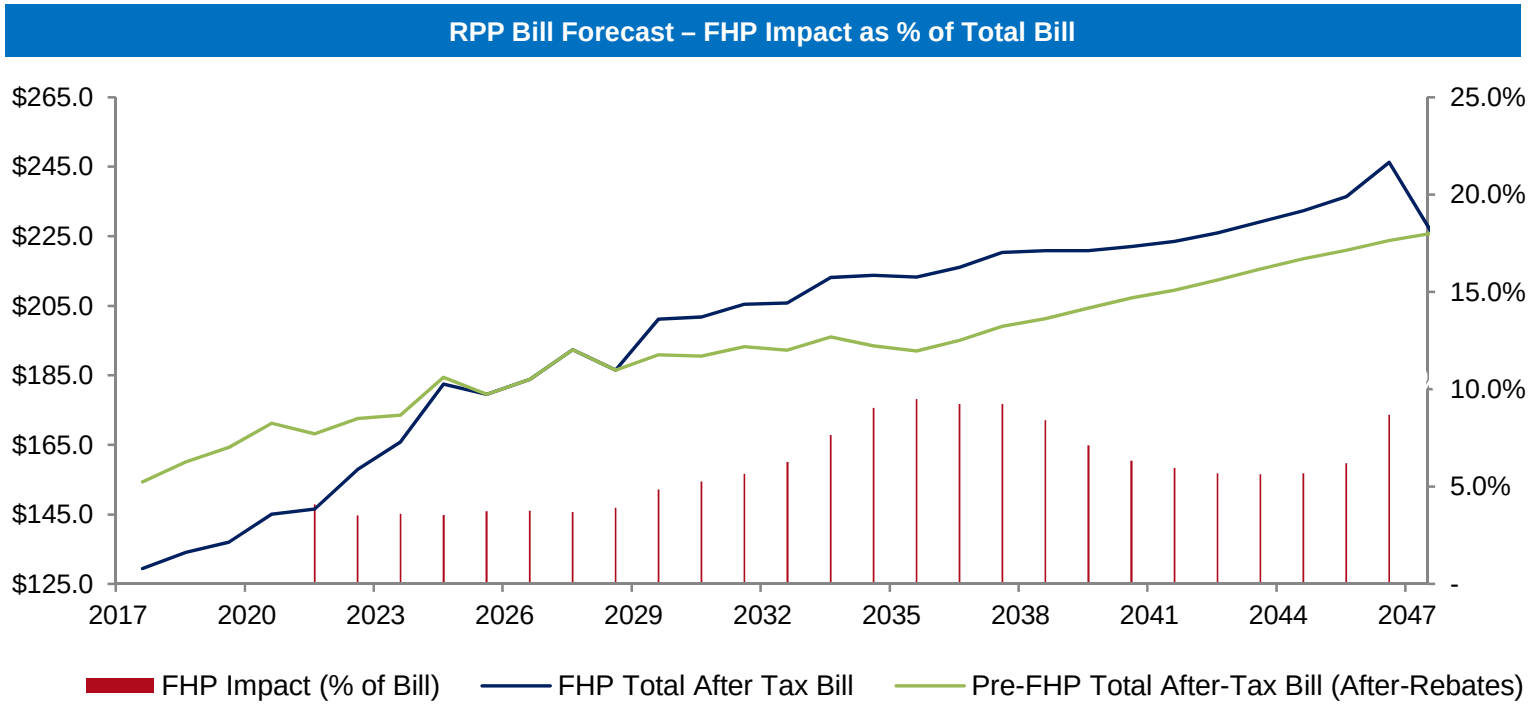

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• All Specified Creditors are required to be bound by the terms of the MTI including the priority provisions and to limit recourse to the assets of the Trust

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including:
	  • Note issuances under supplemental indentures
	  • Borrowings under credit agreements
	  • Purchase of notes under note purchase agreements
	  • Letters of Credit/Guarantees under credit enhancement agreements
	  • Liquidity loans under liquidity agreements backing short term notes

Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that:
	  – the incurrence of such additional obligations will not cause an adverse effect
	  – the incurrence of such additional obligations is materially consistent with the Financing Plan
	  – the estimated finance amount that would become due during the applicable reference period is expected to reasonably align with the fair allocation amount for such reference period
	• It will also be a condition precedent that each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Subordination	• Provides for three different classes of funding obligations (i) senior (ii) subordinated, and (iii) junior subordinated
Priority	• Prior to an Event of Default: the waterfall provision applies • After an Event of Default: payment priority direct all amounts to pay senior obligations first
Early Amortization	• Early amortization events will include the occurrence of a scheduled final payment date on notes, the Trust becoming an investment company, the insolvency of IESO or the Manager and any other additional early amortization events set out in a funding obligation agreement • An early amortization event will result in a modified repayment schedule for the outstanding funding obligations
Events of Default	• Include payment defaults, and representation and covenant breaches
Acceleration	• CEAs cannot be increased to the level to repay all outstanding principal following acceleration, however the subordination of debt would advance the repayment of the senior funding obligations

Indicative Waterfall

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Issuance	**Class**	**Size**	**% of Trust**	**Expected Maturity**	**Legal Maturity**	**Rating (DBRS / Moody's)**
	Senior Warehouse	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	N / A
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA / Aa2
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Guarantor	Province of Ontario					
Provincial Rate Authority	Ontario Energy Board					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances from IESO • Post Moratorium Period: Non-bypassable charge from residential and commercial customers in Ontario, related collections and reserve accounts					
Amortization	Sinking fund with bullet maturity					
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual True-up • Reserve Account (Senior Notes) • Subordination					
Reserve Account	[ ]					
True-up	Calculated on a semi-annual basis post-moratorium period					
Subordination	Subordinated and Jr. Subordinated Notes will be retained by OPG					
Additional Issuance	Master trust allows for the issuance of additional notes subject to Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• There may be pressure on a future government to adjust certain aspects of the repayment requirements	• Change of Law Protection Agreement in favour of lenders / investors
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• 6-month reference period • True up mechanism • Any shortfall in collections are recoverable from all Specified Consumers
Defaults (IESO & LDCs)	• During the Moratorium Period, the Trust is dependent on the IESO to pay carrying costs • Receipt of CEAs dependent on the performance of LDCs and IESO	• IESO has a very strong credit profile and very low losses • IESO to provide a letter of credit/other security for the obligation of non-rated or below investment grade rated LDCs • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total is forecast to be ~10%

VIII. Investment Highlights

Investment Highlights

- Strong provincial support through the Change of Law Protection Agreement
- Irrevocable & non-bypassable rate payer charge
- Full cross-collateralization; collection shortfalls allocated among all Specified Consumers
- Enhanced true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory
- No large user industrial risk exposure

Fair Hydro Investor Presentation Comments

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Slide 6	First bullet	Suggest using "proxy consumer" instead of "average" in this context, which would be more accurate and consistent with legislation as covered later in the presentation.
Slide 6	Second bullet	Suggest changing “8% rebate in the provincial portion…” to “ 8% rebate equivalent to the provincial portion…”.
Slide 6	Third bullet	Language suggest that bills will increase back to status quo in 2021 – suggest adding language regarding increases back up to and past the status quo over time.
Slide 7	First bullet	Consider replacing the phrase starting from “in an amount…” with “in such an amount that the total OPG-held subordinated debt does not exceed 49% of all outstanding debt”, for clarity.
Slide 11	First bullet	Suggest rewording to the following: “As part of the restructuring of Ontario’s electricity industry under the Energy Competition Act, 1998, the municipal electricity utilities became municipally-owned business corporations, including local distribution companies (“LDCs”).” – Some LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners.”
Slide 14	Second bullet	Consider replacing “previously established regulated rate” with “regulated rate established in the first year of the Rate Reduction Period”.
Slide 14	Last bullet	Similar to comment on Slide 6 above, suggest referencing increases back up to and beyond status quo over time.
Slide 15	Third bullet	Consider adding in the words “in favour of the Trust” at the end of the bullet [IESO Security Agreement]. Also, can we clarify whether the $2 billion credit facility is provided by the OFA or the OEFC? Who is the actual lender?
Slide 15	Last bullet	It’s “Ontario Electricity Financial Corporation” (i.e., not “Financing”). Also, consider rewording so as not to suggest that the $2 billion facility is solely for “carrying costs”. Also, suggest that the last clause on security be a stand-alone bullet, not part of the OEF credit facility bullet.
Slide 16	Second bullet	Consider rephrasing to align better with the offering memorandum and legislation.
Slide 16	Third bullet	Consider adding in the word “mainly” before “in respect of …” [see O.Reg. 206/17 section 5].
Slide 16	Bill image	Consider removing as text description should be sufficient.
Slide 17	Second bullet	Consider replacing the words “dealt with” with “mitigated” to avoid suggesting that the risk is eliminated.

Slide 17	Number 2 in the process chart	Consider adding in the word “amount” at the end [O.Reg. 206/17 section 8(2)].
Slide 17	Number 6 in the process chart	Consider replacing the words “in a trust” with “in trust” [FHPA section 16(3)].
Slide 18	Chart	Consider adding explanation of readjustment amount.
Slide 20	OEB’s relationship with OPG in the diagram	Consider replacing “review of OPG Fees” with “review and approval of OPG Fees” to better align with the language in O. Reg. 206/17. Consider replacing “Management Agreement” with “Regulation”.
Slide 20	IESO’s relationship with the Fair Hydro Trust	Note that the Acknowledgement and Indemnity Agreement is made to the Indenture Trustee. Consider editing to avoid confusion.
Slide 20	Ontario Caption	Suggest just having “Province of Ontario” (i.e., omit “(Ministry of Energy)”)
Slide 21	"Suspension Notice"	May wish to consider noting in the sentence that post-suspension refinancing is covered by the guarantee. As this was something Torys made a point of including in the agreement for financeability, suggest including for investors.
Slide 23	Key Terms – Moratorium Period (bullet 3)	Consider replacing “(until May 1, 2021)” to “(until April 30, 2021) and up to July 31, 2021” [see section 21(4) of FHPA and section 9.1 of O. Reg. 206/17]. Consider removing “which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period”, since this is not expressly provided in the MTSA [also see section 16 of O. Reg. 206/17].
Slide 28	Third bullet	Consider replacing “fit under the fair allocation curve” with “ensure reasonable alignment with fair allocation amounts”. [see paragraph 1 of section 21(3) of FHPA].
Slide 31	Chart	The post-FHP bill should not follow the status quo trajectory between 2025 and 2028 – bill should be above status quo including rebates as the FAA is positive for those years (Fair Adjustment would be used to offset the majority of the CEA but the amount of the FAA would remain).
Slide 36	First bullet	Consider removing references to “statutorily mandated”. Remittances from IESO are mandated under s. 9.1 of O. Reg. 206/17.
Slide 38	Political Risk	Consider reviewing the characterization of the risk to align with the risk as described in the Agreements.
Slide 38	Third bullet	Please note reference to ability to disconnect service for non-payment by LDCs isn’t fully reflective of the requirement, consider revising to be more reflective of the actual mechanism.

From:	Ronald Kwan
To:	John Kim; Bruno Amara
Subject:	FW: Draft Fair Hydro Investor Presentation.
Date:	Tuesday, January 02, 2018 11:17:48 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229.docx

Hi,

FYI on Energy's comments.

Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 3:39 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

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With the attachment.

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John, here are the comments on the investor presentation.

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
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Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
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From:	Ronald Kwan
To:	John Kim; Bruno Amara
Subject:	FW: Draft Fair Hydro Investor Presentation.
Date:	Tuesday, January 02, 2018 11:54:04 AM
Attachments:	Appendix 1 Fair Hydro Trust Draft Investor Presentation - Dec 21 to ARC.pdf

Hi John, Bruno,

Please review. I'll try to take a look tonight or tomorrow.

Thanks, and Happy New Year!
Ron

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Fair Hydro Trust
Investor Presentation

January [xx], 2018

Disclaimers

This presentation and its contents are being supplied for informational purposes only by Fair Hydro Trust (the "**Issuer**") and are not an offer to buy or sell or a solicitation of an offer to buy or sell any securities of the Issuer.

This presentation does not, and does not purport to, contain all information that may be material to an investment decision in respect of the Issuer's Notes. It is only a summary of certain information in respect of the Issuer. Prior to making an investment decision with respect to the Issuer's Notes, prospective investors should carefully review the Confidential Shelf Offering Memorandum, including the related Term Sheet, pursuant to which such Notes are offered (the "**Offering Memorandum**"). The information and opinions contained in this presentation are qualified in their entirety by reference to the Offering Memorandum. In particular, reference should be made to the risks of any investment in the Issuer's Notes offered and the statutory rights of rescission or rights to damages available to purchasers of such Notes described in the Offering Memorandum. No representation or warranty, express or implied, is given by or on behalf of the Issuer, the Agents or any other person as to the accuracy or completeness of the information or opinions contained in this presentation.

Some of the statements contained in this presentation, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. The forward-looking information contained in this presentation is presented for the purposes of assisting prospective purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances. The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law. Reference should be made to the information under the headings "Caution Regarding Forward-Looking Information" and "Risk Factors" in the Offering Memorandum.

The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, neither the Issuer nor Ontario Power Generation ("**OPG**") intends, or assumes any obligation, to revise or update any information in this presentation. Prospective purchasers should consult the Offering Memorandum for more current information.

By attending this presentation, or accepting a copy of this presentation, each prospective purchaser agrees that all information contained herein, all documents delivered in connection herewith and all other information obtained by such prospective purchaser in relation to the Issuer or OPG (collectively, the "**Confidential Information**") is confidential, that none of the Confidential Information will be copied, transcribed, recorded or transmitted by the recipient for any reason or used for any purpose other than evaluating an investment in the Issuer's Notes, and that the recipient will hold all of the Confidential Information in confidence and will not provide any of it to third parties other than persons retained to advise the recipient with respect to the purchase of the Issuer's Notes (so long as they advise such persons of the confidential nature of such Confidential Information), without the prior written consent of the Issuer and OPG.

Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer &
Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan ("FHP") on March 2nd, 2017, which proposed to lower the average electricity bill for eligible customers[1] (referred to as "Specified Consumers") by 25% (the "Fair Adjustment") • The 25% reduction includes an 8% rebate in the provincial portion of the HST granted by the Ontario government in January 2017 • It is expected that the rate reduction will be in effect to April 30, 2021, with any rate increases over that period limited to the rate of inflation in Ontario
Legislation	• On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "FHPA" or "Act"), legislation that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers • The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment ("CEA") that will be determined by Ontario Power Generation ("OPG") in its role as Financial Services Manager under the Act • The CEA will be determined for each six month reference period and converted by the Ontario Energy Board ("OEB") into a $/kWh rate and added to electricity invoices sent to Specified Consumers commencing on May 1, 2021 • From July 1, 2017 until April 30, 2021 (the "Moratorium Period"), no CEA will be collected; during this period the Independent Electricity System Operator ("IESO") is obligated to pay all funding costs (excluding principal) under the Regulations
Fair Hydro Trust ("FHT")	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior and subordinated notes • Structured to be bankruptcy remote and ring fenced from OPG

[1] Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt of the Trust in an amount not to exceed 49% of all outstanding debt

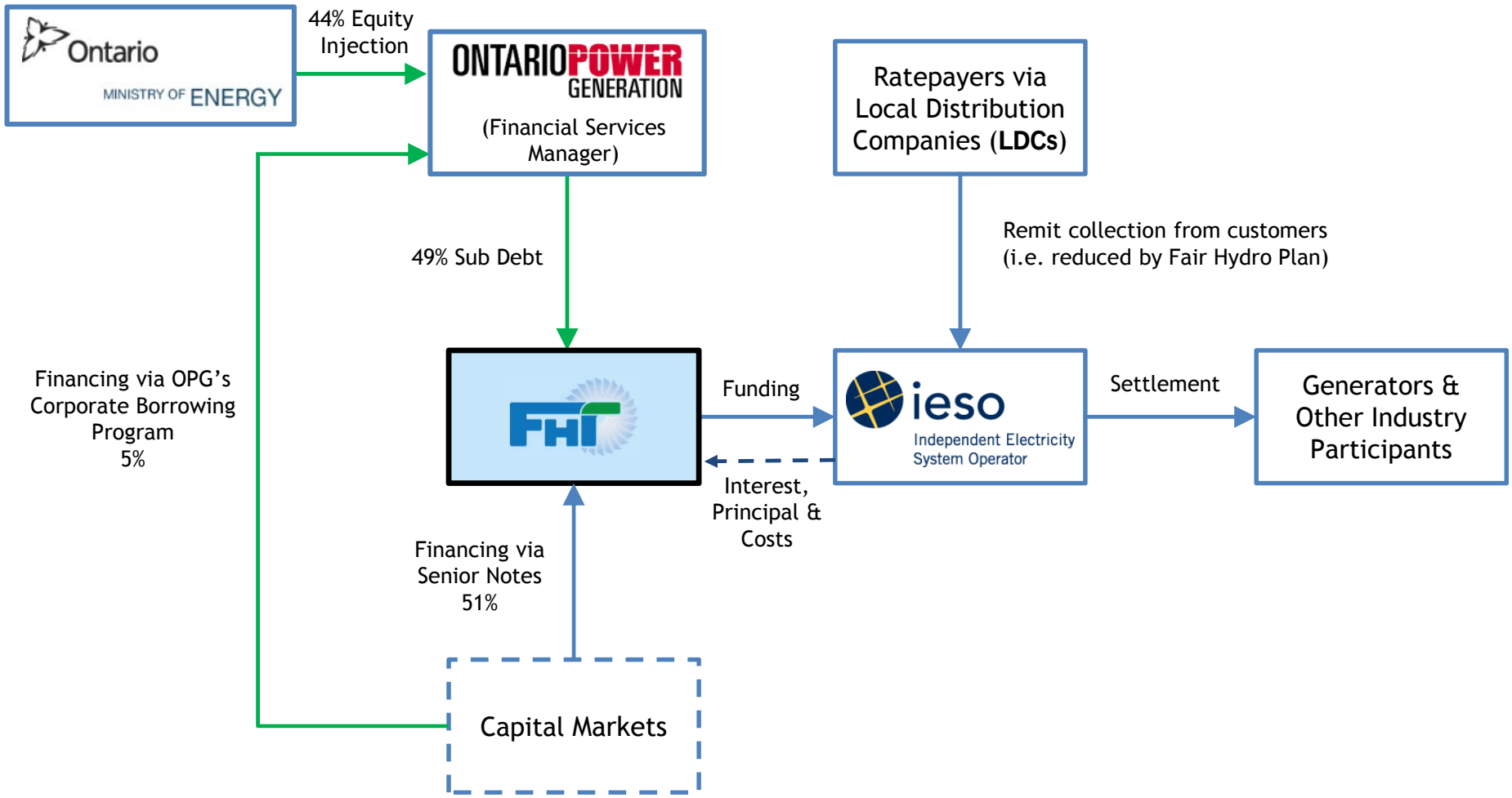

Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to not include the assets and liabilities of OPG, and vice versa

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in annual cash flows
- Transmission rates, distribution rates, and OPG's regulated rates are set by the Ontario Energy Board
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

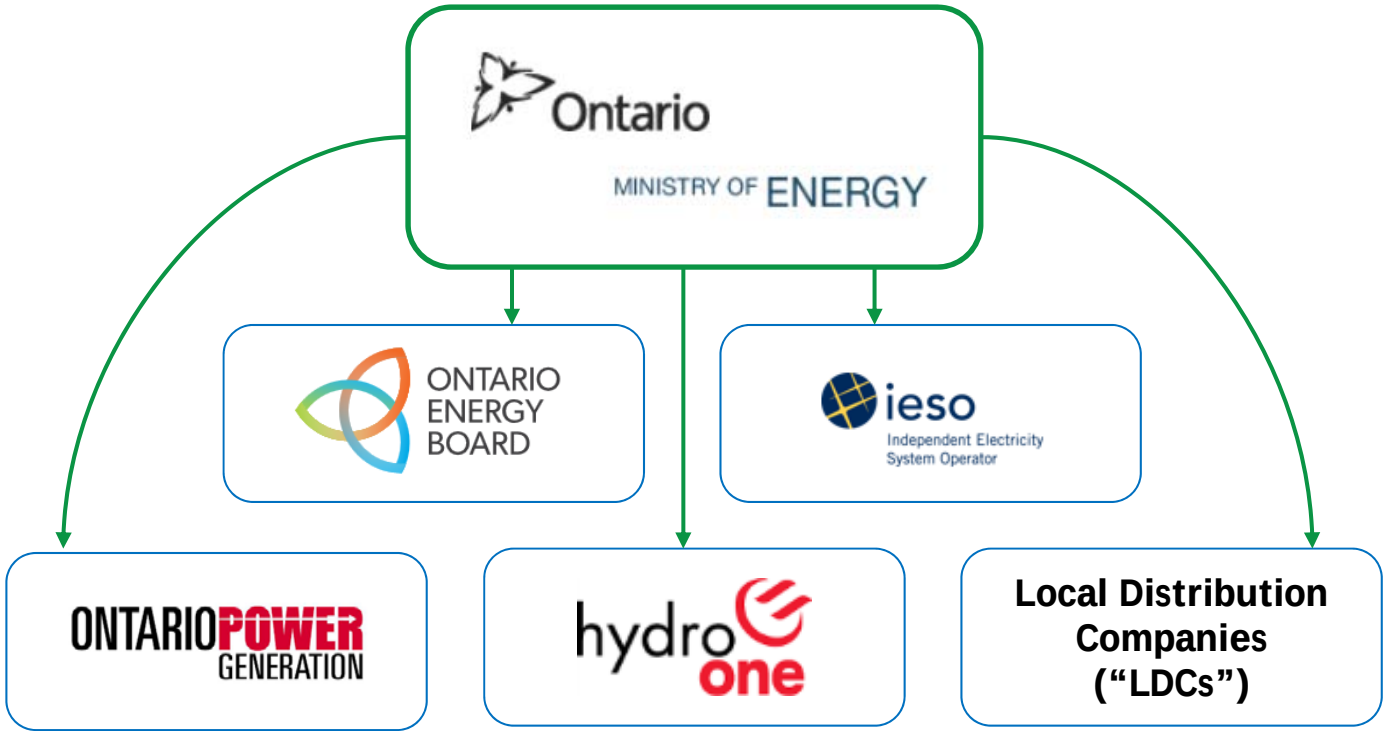

Key Industry Participants

Participant	Rating *(DBRS / S&P / Moody's)*	Description
ONTARIO ENERGY BOARD	--	• The OEB is an independent public regulatory agency established under the Ontario Energy Board Act, 1998 • The Ontario Energy Board Act, 1998 provides the OEB with the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • The OEB sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan ("RPP"); RPP rates are set twice a year (May and November) • RPP prices are set for: time-of-use (On-peak, Mid-peak, and Off-peak); and tiered (Tier 1 and Tier 2), to recover the forecast commodity cost of electricity
ieso Independent Electricity System Operator	A(h) / -- / Aa2	• The Independent Electricity System Operator (the "IESO") is a not-for-profit corporation established under the Electricity Act, 1998 • The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
ONTARIO POWER GENERATION	A(l) / BBB+ / --	• OPG is a corporation formed under the Business Corporation Act (Ontario), whose sole shareholder is the Province of Ontario • OPG's principal business is the generation and sale of electricity in Ontario • OPG is Ontario's largest electricity generator, providing approximately half of Ontario's electricity
hydro one	A(h) / A / A3	• Hydro One is Ontario's largest electricity transmission and distribution company; Hydro One delivers electricity to over 1.3 million customers across the Province of Ontario, and to large industrial customers and municipal utilities

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations
  - These distributors are typically referred to in Ontario as local distribution companies, or "LDCs"
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors
  - A service territory may cover large portions of all of a particular municipality, or an otherwise-defined geographic area
  - Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals

Select Aggregate Market Stats[1]

Number of LDCs	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with financing costs, in a variance account
- FHT will finance the shortfall and is entitled to recover its costs through CEAs from Specified Consumers

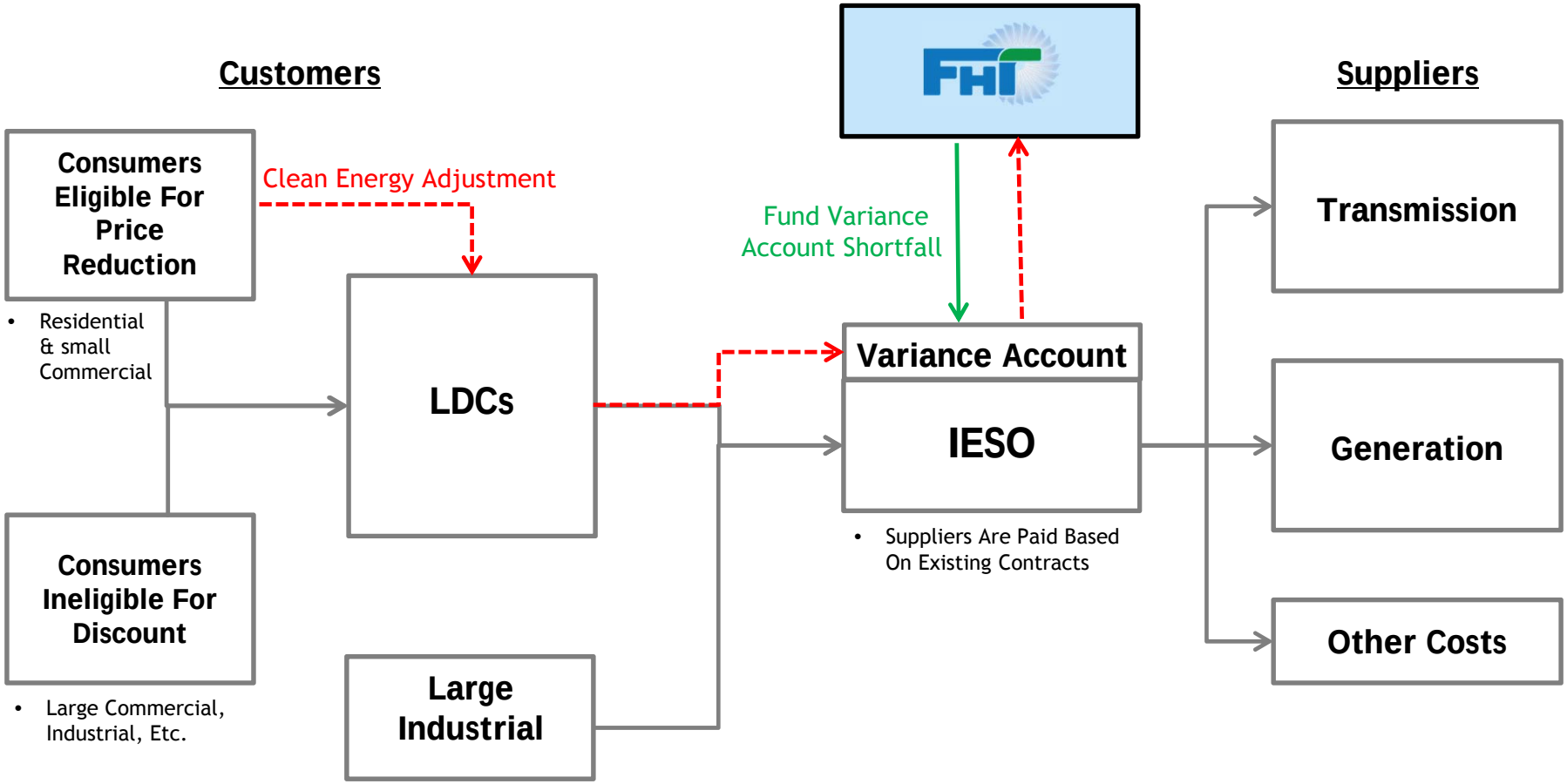

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiative; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• *July 1, 2017 – April 30, 2018* – Specified Consumers charged an invoice amount that is 25% less than the regulated rate that would otherwise have been determined by the OEB (referred to as the "Fair Adjustment") • *May 1, 2018 – April 30, 2019* - previously established regulated rate anticipated to increase by the rate of inflation in Ontario • *May 1, 2019 – April 30, 2021* - rate reductions will be established by regulation but anticipated to increase by the rate of inflation in Ontario

Legislation Overview

Regulatory Asset	• Each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "Regulatory Asset") • The IESO may transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset
Investment Asset	• If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right, an "Investment Interest") • By acquiring an Investment Interest, the Trust will be entitled to recover all of its costs of such financing and will acquire the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers • The Trust is not obligated to purchase Regulatory Assets from the IESO
Moratorium Period	• From July 1, 2017 to April 30, 2021, CEAs are not permitted to be collected from Specified Consumers ("Moratorium Period") • The IESO is obligated to pay all funding and other expenses of the Trust (referred to as Carrying Costs), excluding principal, during the Moratorium Period up to July 31, 2021 • The IESO has a $2 billion credit facility from the Ontario Electricity Financing Corporation ("OEFC") to pay Carrying Costs; as security for the performance of its obligations, the IESO has granted a first-priority security interest in all of its accounts receivables

Clean Energy Adjustments

- Under the FHPA, the "clean energy adjustment" is the amount payable by Specified Consumers to cover the cost of financing the shortfall from the Fair Adjustment and the associated costs to finance, including operating costs of the Trust and funding of reserve accounts
- CEAs may not be set off or by-passed by Specified Consumers
- **Finance amount** = estimate of the amount payable by the Trust in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments
- **True-up amount** = captures the difference between the finance amounts incurred by the Trust and the CEAs collected from consumers and also includes other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

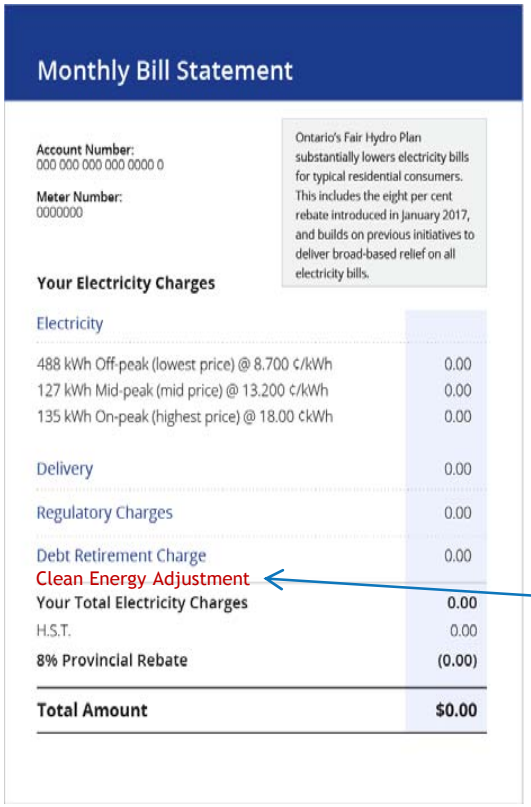

Monthly Bill Statement

Account Number:
000 000 000 000 0000 0

Meter Number:
0000000

Ontario's Fair Hydro Plan substantially lowers electricity bills for typical residential consumers. This includes the eight per cent rebate introduced in January 2017, and builds on previous initiatives to deliver broad-based relief on all electricity bills.

Your Electricity Charges

Electricity	
488 kWh Off-peak (lowest price) @ 8.700 ¢/kWh	0.00
127 kWh Mid-peak (mid price) @ 13.200 ¢/kWh	0.00
135 kWh On-peak (highest price) @ 18.00 ¢kWh	0.00
Delivery	0.00
Regulatory Charges	0.00
Debt Retirement Charge	0.00
Clean Energy Adjustment	
Your Total Electricity Charges	0.00
H.S.T.	0.00
8% Provincial Rebate	(0.00)
Total Amount	**$0.00**

New charge that will be added to electricity bills in May 2021 as a separate line item

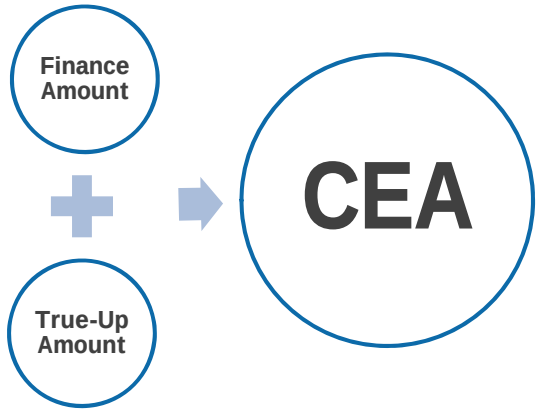

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are dealt with through statutory rights in the Act, the collection obligations of the IESO under the Master Transfer & Servicing Agreement ("MTSA") and the ability to include amounts into the true up mechanism

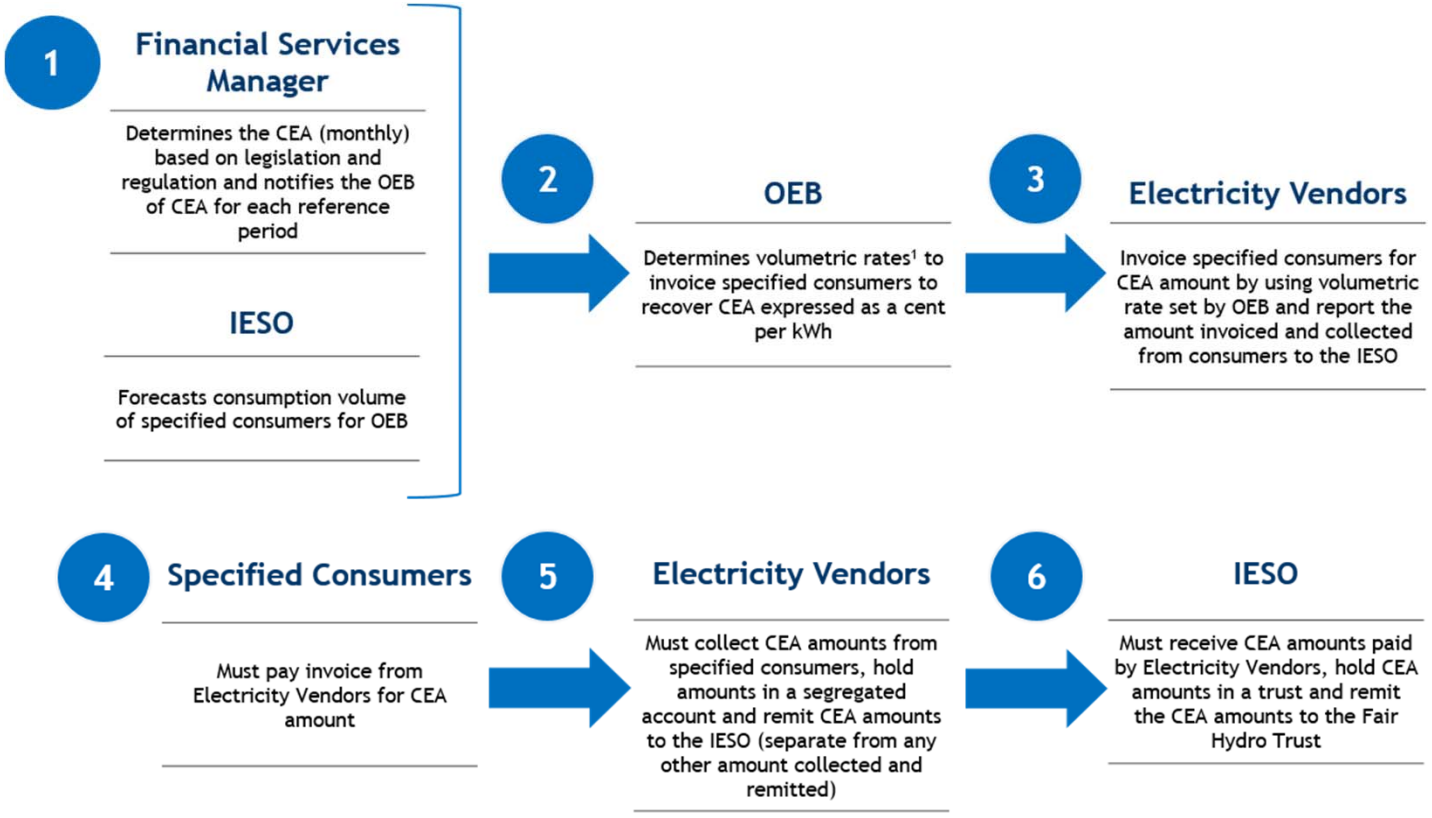

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers

Fair Allocation Amount

- The Fair Allocation Amount ("FAA") is the estimated clean energy costs without consideration of the FHP compared to these same costs reallocated on the basis of estimated clean energy benefits to Specified Consumers in respect of each reference period and includes operating and financing costs of the FHT
- If the FAA is negative, this means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers); the FAA is expected to be negative until at least May 2024
- The Ministry of Energy will provide updated FAAs to OPG from time-to-time

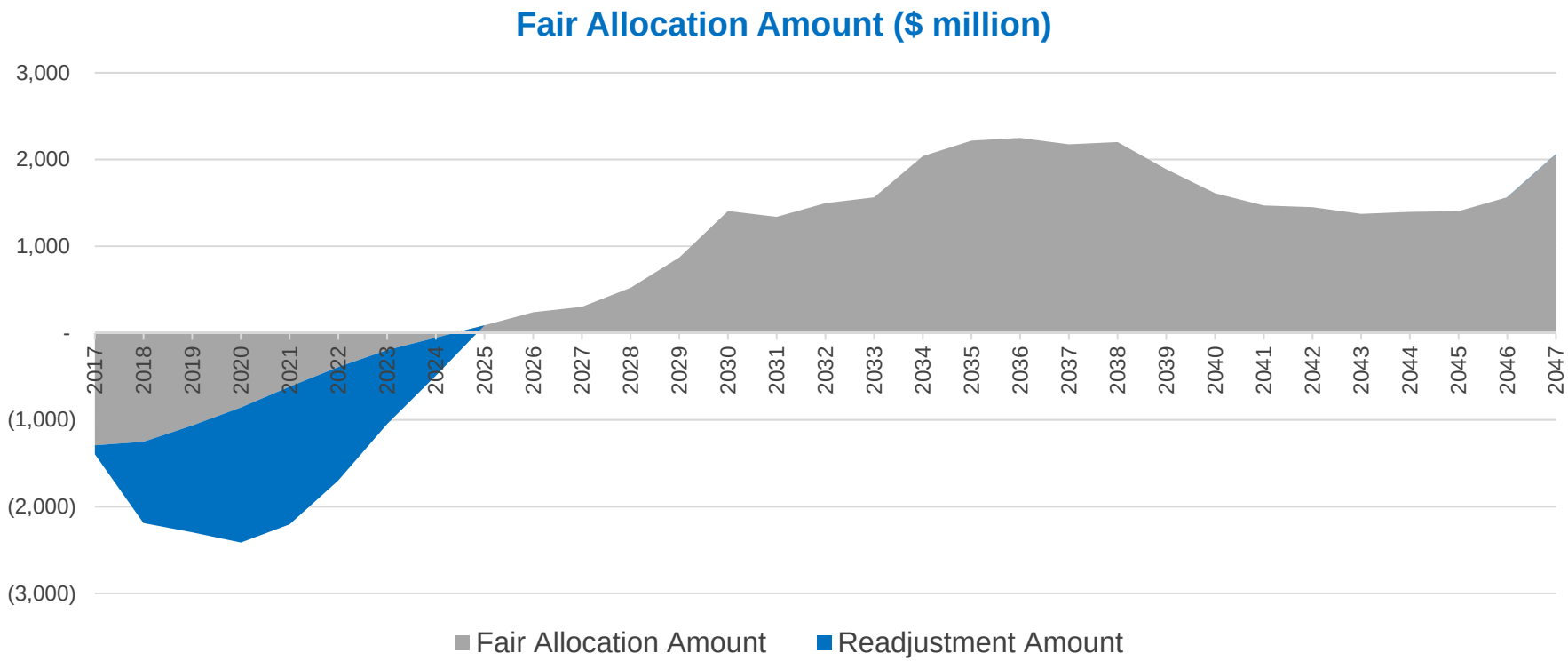

IV. Contractual Framework

Simplified Contractual Structure

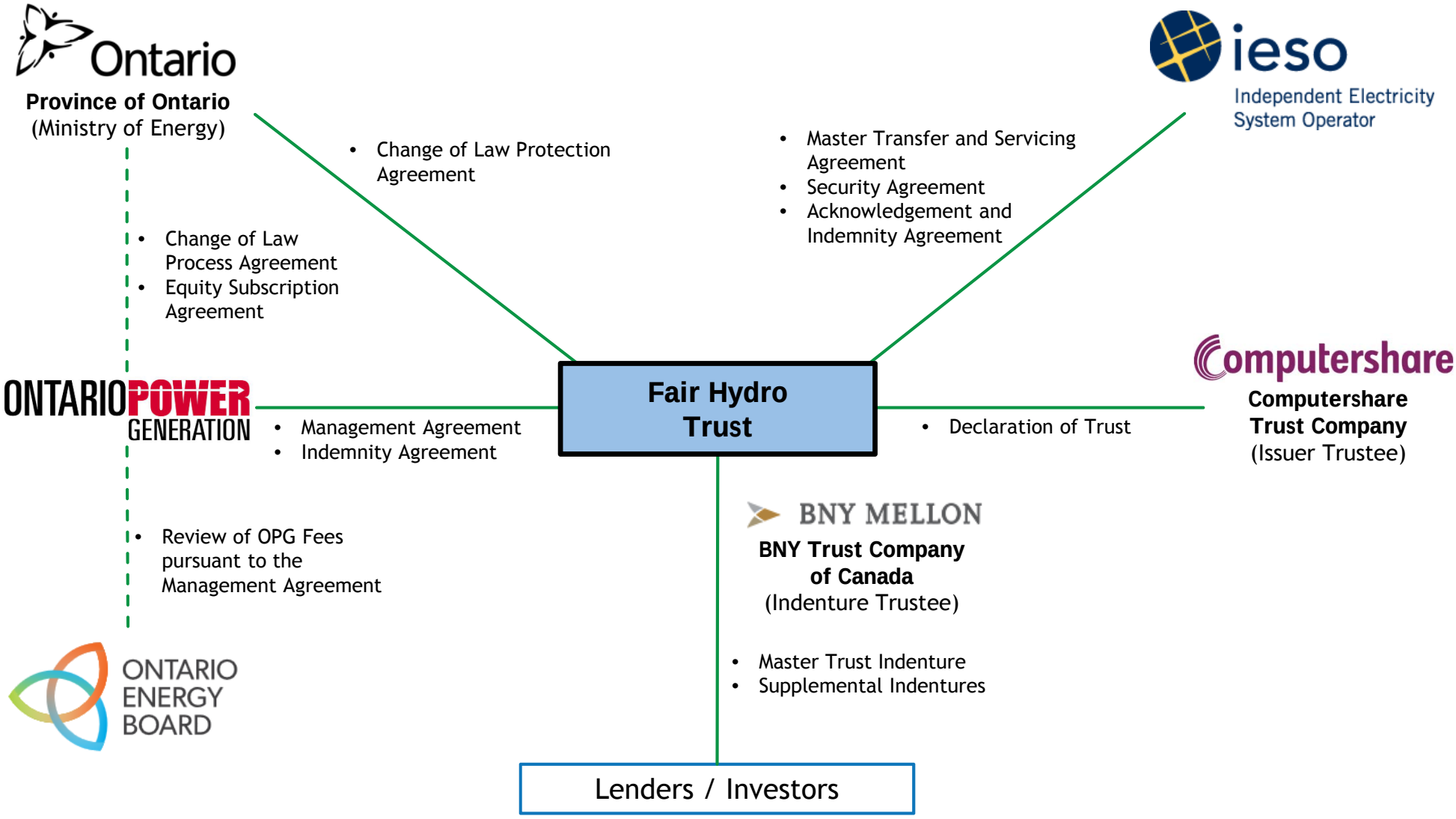

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario as Obligor and (2) Indenture Trustee, on behalf of Specified Creditors[1], as Beneficiaries and (3) OPG as Financial Services Manager ("FSM")
Purpose	• Provides assurance to investors that upon the occurrence of a Protection Event, the Province of Ontario will have an obligation to make payments on behalf of the Trust
Key Terms	• **Term**: Continues for as long as any obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding • **Mandatory Payment**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all obligations when due and payable • **Priority of Payments**: The priority of payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from change in law protection from the Province • **Suspension Notice**: The Province may deliver a suspension notice, after which date funding obligations incurred will not have the benefit of the Change of Law Protection, upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events:

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province
- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is ultra vires or invalid in a way that adversely affects the ability of the Trust to pay its obligations

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts and any reasonably expected potential effect of a true-up amount

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) the IESO, as transferor and servicer; (2) the Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of the regulatory asset, and upon such transfer the Trust acquires an investment interest
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the regulatory asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the investment interest under the Regulations, including collecting clean energy adjustment amounts from electricity vendors and remitting the same to the Trust, including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause electricity vendors to do the same – Collect CEAs from electricity vendors – Remit CEAs monthly to the Trust – Prepare monthly servicer reports – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During Moratorium Period (until May 1, 2021), the IESO will be required by regulation to fund all interest and other expenses of the Trust, which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, for the obligation of non-rated or non-investment grade rated electricity vendors.

Key Agreements (cont'd)

Management Agreement

Parties	• Issuer Trustee, on behalf of the Trust, and OPG, as Manager
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or caused to be reviewed, records of electricity vendors on a annual basis with respect to CEAs – Preparing financial statements; and – Paying taxes on behalf of the Trust • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire investment interests • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee and provides certain indemnities with respect to its duties and obligations under the MTSA
Indemnity Agreement (OPG)	• OPG, as manager under the Management Agreement, provides certain indemnities to the Indenture Trustee with respect to its duties and obligations under the Management Agreement
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of a proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time) to be exceeded
Equity Subscription Agreement	• Specifies the terms and conditions upon which the Province provides equity injections to OPG to purchase subordinated debt issued by the Trust
Declaration of Trust	• Establishes FHT to carry out activities for the benefit of its beneficiary unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare)

Allocation of Servicing Role and Responsibilities

The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Annually Review Records of LDCs with Respect to CEAs	✔		
Determination of True-Up Amount	✔		
Ongoing Filings for Trustee and Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management		✔	
Preparation of Monthly Service Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit) and OPG subordinated debt will be used to fund monthly regulatory asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

ABCP Conduit	• ABCP conduit and OPG subordinated debt will be used to fund monthly regulatory asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance short term debt financing provided by ABCP conduit and OPG subordinated debt • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to fit under the fair allocation curve (bullet bonds with synthetic amortization or amortizing bonds)
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund regulatory asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be purchased by OPG, primarily with equity injections from the Province (44%) and the remaining 5% from OPG

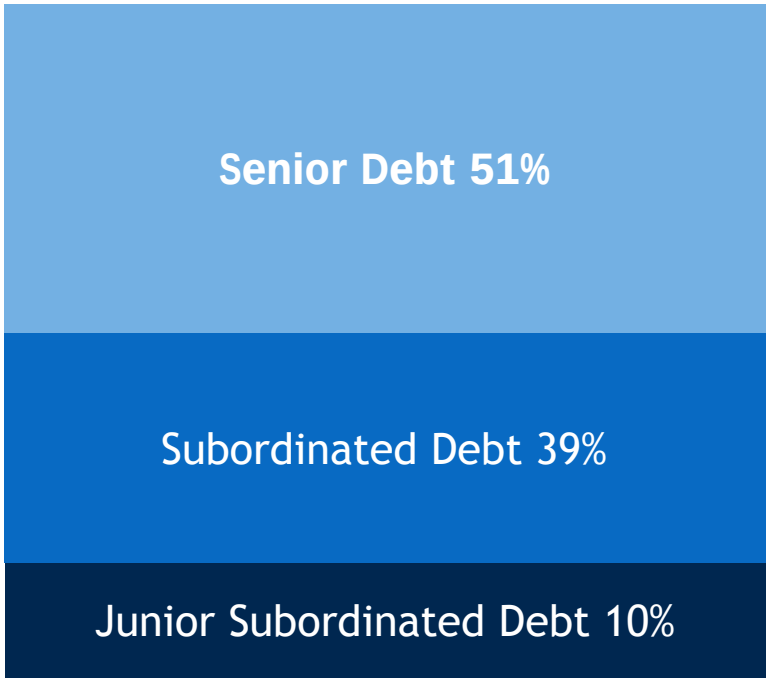

Senior Notes
Term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%)
- Provided to Trust by OPG via the Province (5%)

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which will mature over a period after 2029

Illustrative Aggregatee Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

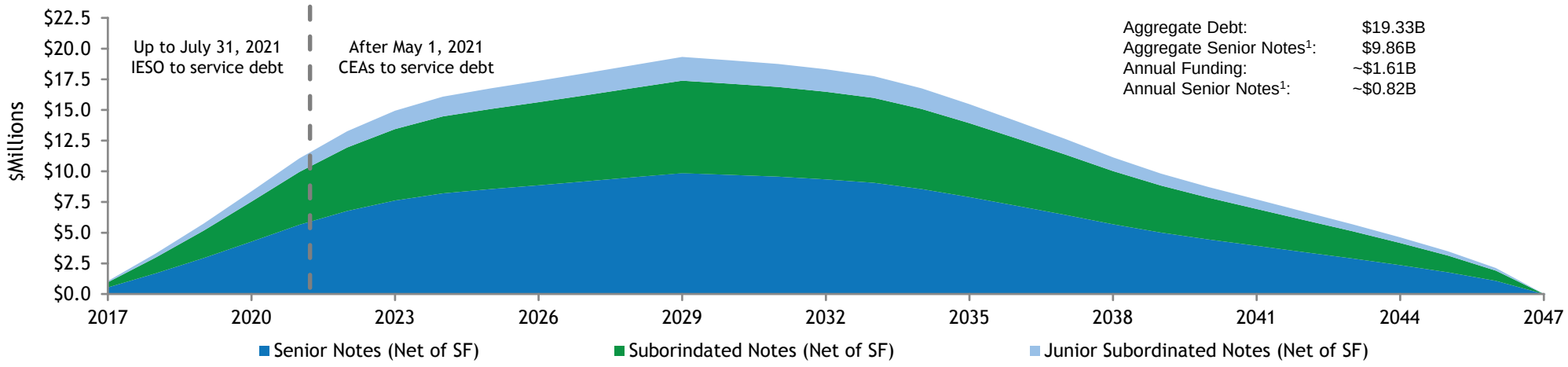

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro program, the clean energy adjustment for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Max CEA as a percent of the total bill is forecast to be 10.1%
- Average CEA as a percent of the total bill is forecast to be 6.9%

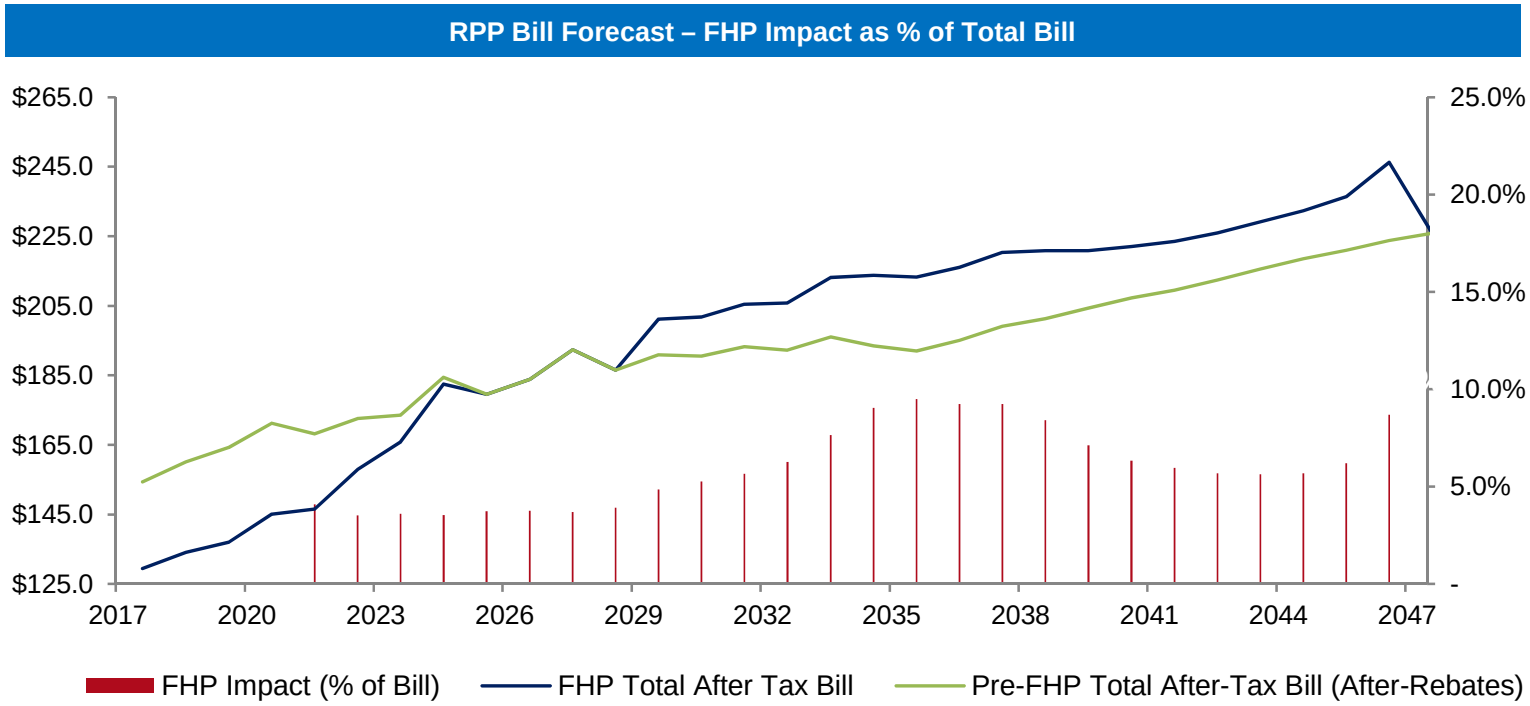

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• All Specified Creditors are required to be bound by the terms of the MTI including the priority provisions and to limit recourse to the assets of the Trust

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including:
	  • Note issuances under supplemental indentures
	  • Borrowings under credit agreements
	  • Purchase of notes under note purchase agreements
	  • Letters of Credit/Guarantees under credit enhancement agreements
	  • Liquidity loans under liquidity agreements backing short term notes

Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that:
	  – the incurrence of such additional obligations will not cause an adverse effect
	  – the incurrence of such additional obligations is materially consistent with the Financing Plan
	  – the estimated finance amount that would become due during the applicable reference period is expected to reasonably align with the fair allocation amount for such reference period
	• It will also be a condition precedent that each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Subordination	• Provides for three different classes of funding obligations (i) senior (ii) subordinated, and (iii) junior subordinated
Priority	• Prior to an Event of Default: the waterfall provision applies • After an Event of Default: payment priority direct all amounts to pay senior obligations first
Early Amortization	• Early amortization events will include the occurrence of a scheduled final payment date on notes, the Trust becoming an investment company, the insolvency of IESO or the Manager and any other additional early amortization events set out in a funding obligation agreement • An early amortization event will result in a modified repayment schedule for the outstanding funding obligations
Events of Default	• Include payment defaults, and representation and covenant breaches
Acceleration	• CEAs cannot be increased to the level to repay all outstanding principal following acceleration, however the subordination of debt would advance the repayment of the senior funding obligations

Indicative Waterfall

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Issuance	**Class**	**Size**	**% of Trust**	**Expected Maturity**	**Legal Maturity**	**Rating (DBRS / Moody's)**
	Senior Warehouse	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	N / A
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA / Aa2
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Guarantor	Province of Ontario					
Provincial Rate Authority	Ontario Energy Board					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances from IESO • Post Moratorium Period: Non-bypassable charge from residential and commercial customers in Ontario, related collections and reserve accounts					
Amortization	Sinking fund with bullet maturity					
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual True-up • Reserve Account (Senior Notes) • Subordination					
Reserve Account	[ ]					
True-up	Calculated on a semi-annual basis post-moratorium period					
Subordination	Subordinated and Jr. Subordinated Notes will be retained by OPG					
Additional Issuance	Master trust allows for the issuance of additional notes subject to Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• There may be pressure on a future government to adjust certain aspects of the repayment requirements	• Change of Law Protection Agreement in favour of lenders / investors
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• 6-month reference period • True up mechanism • Any shortfall in collections are recoverable from all Specified Consumers
Defaults (IESO & LDCs)	• During the Moratorium Period, the Trust is dependent on the IESO to pay carrying costs • Receipt of CEAs dependent on the performance of LDCs and IESO	• IESO has a very strong credit profile and very low losses • IESO to provide a letter of credit/other security for the obligation of non-rated or below investment grade rated LDCs • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total is forecast to be ~10%

VIII. Investment Highlights

Investment Highlights

- Strong provincial support through the Change of Law Protection Agreement
- Irrevocable & non-bypassable rate payer charge
- Full cross-collateralization; collection shortfalls allocated among all Specified Consumers
- Enhanced true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory
- No large user industrial risk exposure

From:	Christie, Tim (ENERGY)
To:	Ronald Kwan
Subject:	FW: Draft Fair Hydro Investor Presentation.
Date:	Tuesday, January 02, 2018 11:39:15 AM
Attachments:	Appendix 1 Fair Hydro Trust Draft Investor Presentation - Dec 21 to ARC.pdf

Hi Ron, here's the presentation. They're looking for comments this week.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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Fair Hydro Trust
Investor Presentation

January [xx], 2018

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The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, neither the Issuer nor Ontario Power Generation ("**OPG**") intends, or assumes any obligation, to revise or update any information in this presentation. Prospective purchasers should consult the Offering Memorandum for more current information.

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Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer &
Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan ("FHP") on March 2nd, 2017, which proposed to lower the average electricity bill for eligible customers[1] (referred to as "Specified Consumers") by 25% (the "Fair Adjustment") • The 25% reduction includes an 8% rebate in the provincial portion of the HST granted by the Ontario government in January 2017 • It is expected that the rate reduction will be in effect to April 30, 2021, with any rate increases over that period limited to the rate of inflation in Ontario
Legislation	• On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "FHPA" or "Act"), legislation that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers • The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment ("CEA") that will be determined by Ontario Power Generation ("OPG") in its role as Financial Services Manager under the Act • The CEA will be determined for each six month reference period and converted by the Ontario Energy Board ("OEB") into a $/kWh rate and added to electricity invoices sent to Specified Consumers commencing on May 1, 2021 • From July 1, 2017 until April 30, 2021 (the "Moratorium Period"), no CEA will be collected; during this period the Independent Electricity System Operator ("IESO") is obligated to pay all funding costs (excluding principal) under the Regulations
Fair Hydro Trust ("FHT")	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior and subordinated notes • Structured to be bankruptcy remote and ring fenced from OPG

[1] Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt of the Trust in an amount not to exceed 49% of all outstanding debt

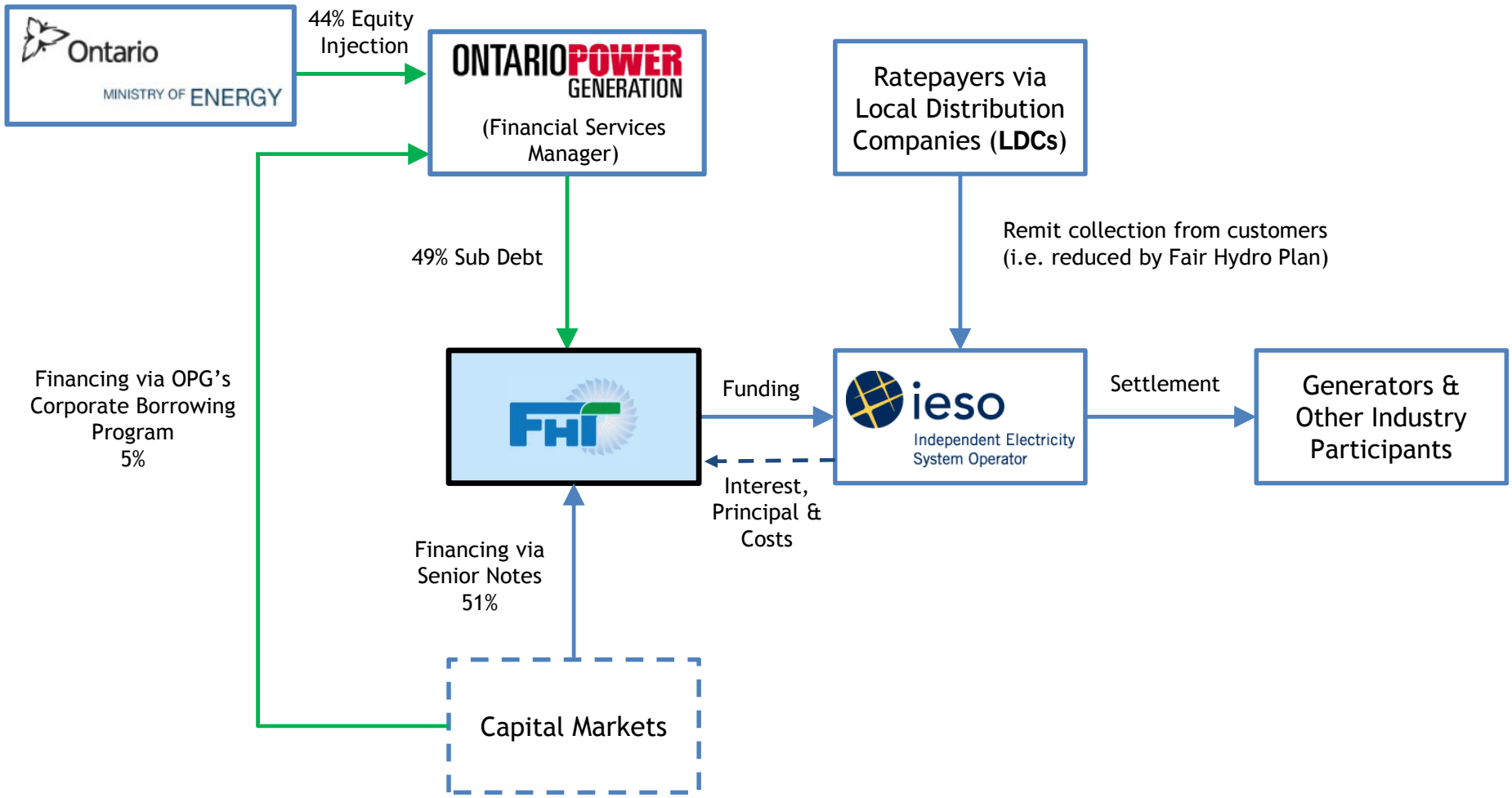

Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to not include the assets and liabilities of OPG, and vice versa

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in annual cash flows
- Transmission rates, distribution rates, and OPG's regulated rates are set by the Ontario Energy Board
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

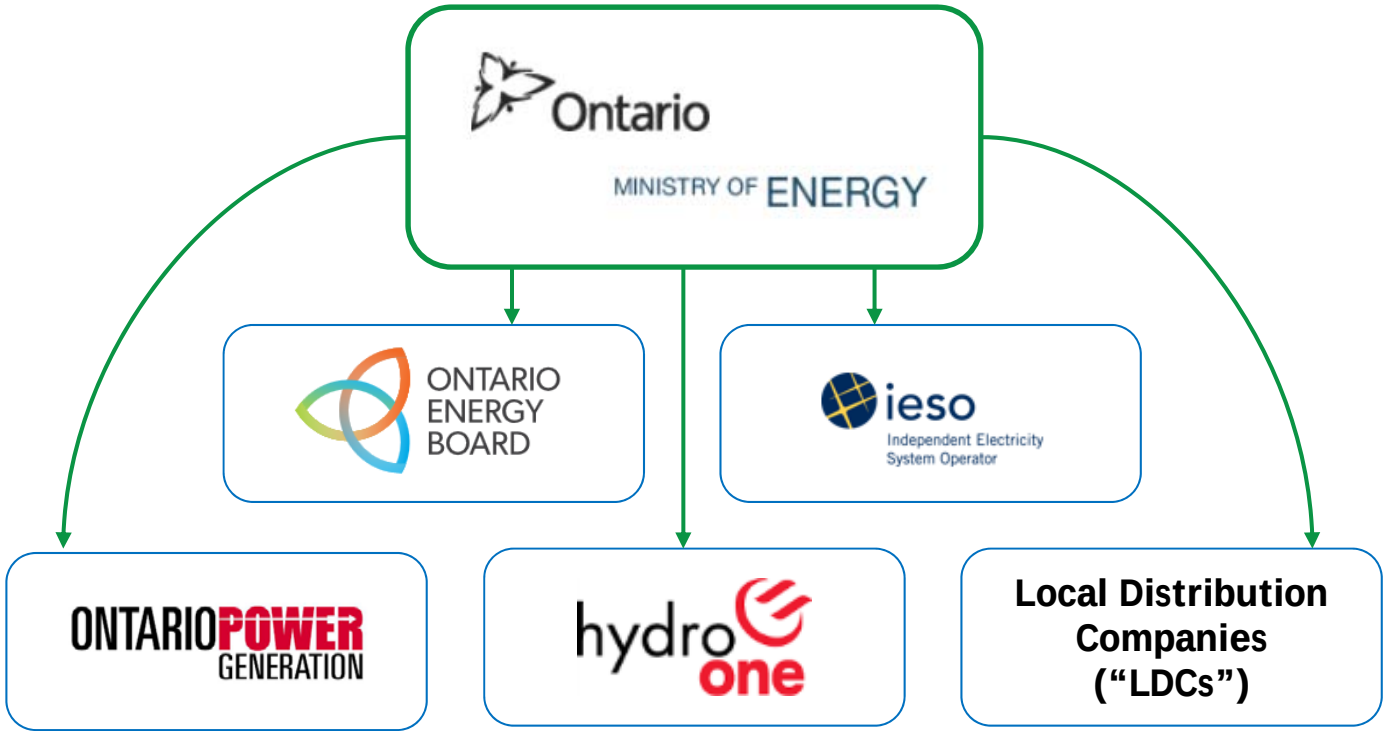

Key Industry Participants

Participant	Rating *(DBRS / S&P / Moody's)*	Description
ONTARIO ENERGY BOARD	--	• The OEB is an independent public regulatory agency established under the Ontario Energy Board Act, 1998 • The Ontario Energy Board Act, 1998 provides the OEB with the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • The OEB sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan ("RPP"); RPP rates are set twice a year (May and November) • RPP prices are set for: time-of-use (On-peak, Mid-peak, and Off-peak); and tiered (Tier 1 and Tier 2), to recover the forecast commodity cost of electricity
ieso Independent Electricity System Operator	A(h) / -- / Aa2	• The Independent Electricity System Operator (the "IESO") is a not-for-profit corporation established under the Electricity Act, 1998 • The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
ONTARIO POWER GENERATION	A(l) / BBB+ / --	• OPG is a corporation formed under the Business Corporation Act (Ontario), whose sole shareholder is the Province of Ontario • OPG's principal business is the generation and sale of electricity in Ontario • OPG is Ontario's largest electricity generator, providing approximately half of Ontario's electricity
hydro one	A(h) / A / A3	• Hydro One is Ontario's largest electricity transmission and distribution company; Hydro One delivers electricity to over 1.3 million customers across the Province of Ontario, and to large industrial customers and municipal utilities

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations
  - These distributors are typically referred to in Ontario as local distribution companies, or "LDCs"
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors
  - A service territory may cover large portions of all of a particular municipality, or an otherwise-defined geographic area
  - Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals

Select Aggregate Market Stats[1]

Number of LDCs	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with financing costs, in a variance account
- FHT will finance the shortfall and is entitled to recover its costs through CEAs from Specified Consumers

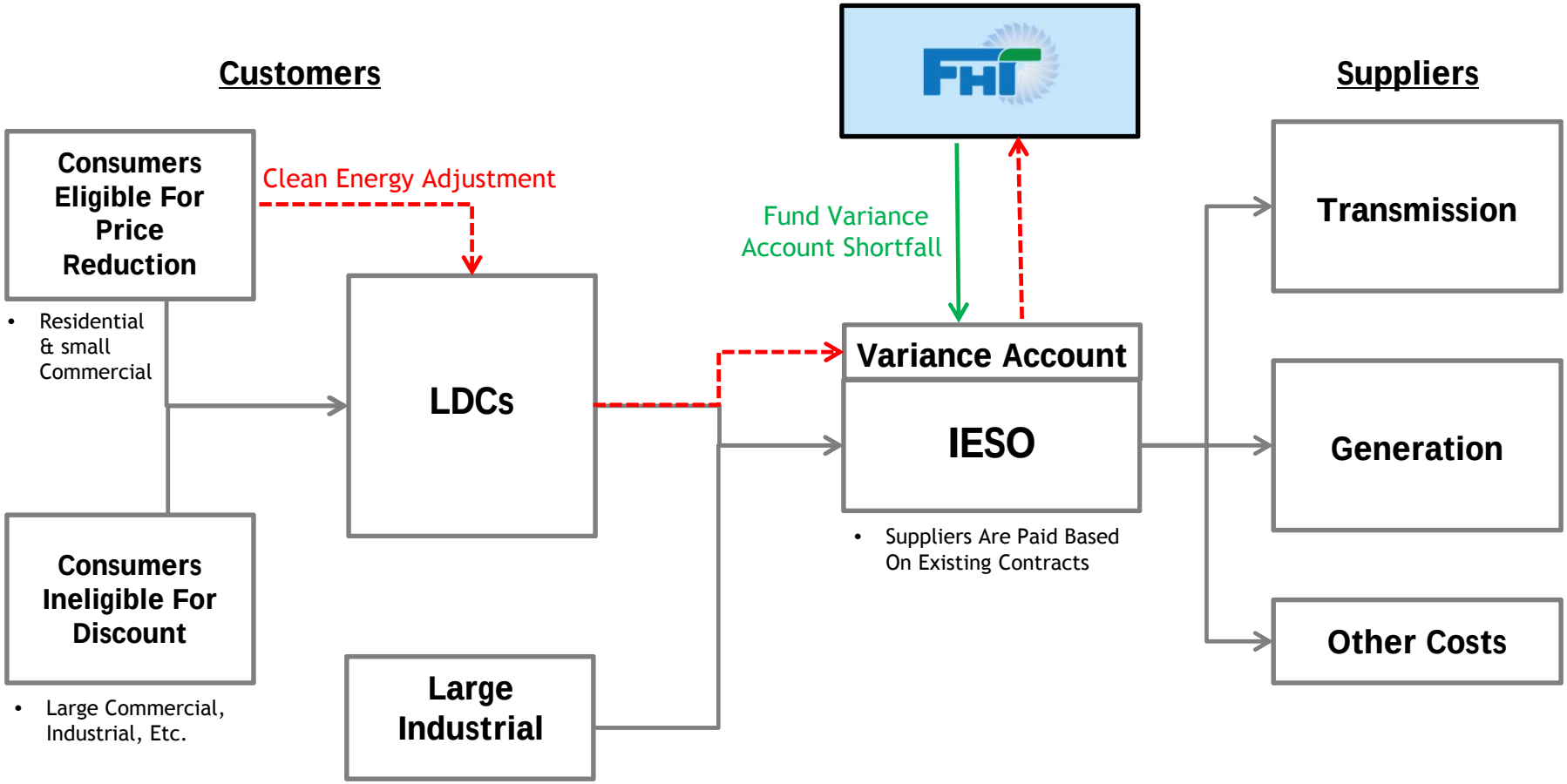

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiative; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• *July 1, 2017 – April 30, 2018* – Specified Consumers charged an invoice amount that is 25% less than the regulated rate that would otherwise have been determined by the OEB (referred to as the "Fair Adjustment") • *May 1, 2018 – April 30, 2019* - previously established regulated rate anticipated to increase by the rate of inflation in Ontario • *May 1, 2019 – April 30, 2021* - rate reductions will be established by regulation but anticipated to increase by the rate of inflation in Ontario

Legislation Overview

Regulatory Asset	• Each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "Regulatory Asset") • The IESO may transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset
Investment Asset	• If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right, an "Investment Interest") • By acquiring an Investment Interest, the Trust will be entitled to recover all of its costs of such financing and will acquire the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers • The Trust is not obligated to purchase Regulatory Assets from the IESO
Moratorium Period	• From July 1, 2017 to April 30, 2021, CEAs are not permitted to be collected from Specified Consumers ("Moratorium Period") • The IESO is obligated to pay all funding and other expenses of the Trust (referred to as Carrying Costs), excluding principal, during the Moratorium Period up to July 31, 2021 • The IESO has a $2 billion credit facility from the Ontario Electricity Financing Corporation ("OEFC") to pay Carrying Costs; as security for the performance of its obligations, the IESO has granted a first-priority security interest in all of its accounts receivables

Clean Energy Adjustments

- Under the FHPA, the "clean energy adjustment" is the amount payable by Specified Consumers to cover the cost of financing the shortfall from the Fair Adjustment and the associated costs to finance, including operating costs of the Trust and funding of reserve accounts
- CEAs may not be set off or by-passed by Specified Consumers
- **Finance amount** = estimate of the amount payable by the Trust in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments
- **True-up amount** = captures the difference between the finance amounts incurred by the Trust and the CEAs collected from consumers and also includes other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

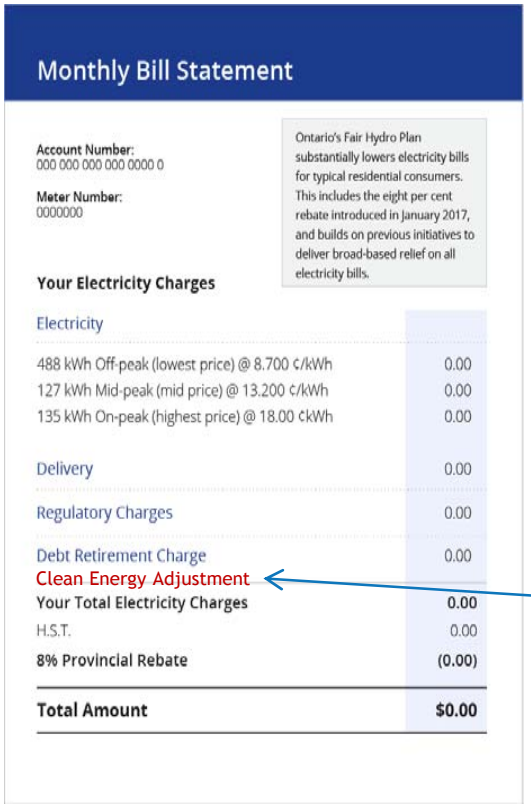

Monthly Bill Statement

Account Number:
000 000 000 000 0000 0

Meter Number:
0000000

Ontario's Fair Hydro Plan substantially lowers electricity bills for typical residential consumers. This includes the eight per cent rebate introduced in January 2017, and builds on previous initiatives to deliver broad-based relief on all electricity bills.

Your Electricity Charges

Electricity	
488 kWh Off-peak (lowest price) @ 8.700 ¢/kWh	0.00
127 kWh Mid-peak (mid price) @ 13.200 ¢/kWh	0.00
135 kWh On-peak (highest price) @ 18.00 ¢kWh	0.00
Delivery	0.00
Regulatory Charges	0.00
Debt Retirement Charge	0.00
Clean Energy Adjustment	
Your Total Electricity Charges	0.00
H.S.T.	0.00
8% Provincial Rebate	(0.00)
Total Amount	**$0.00**

New charge that will be added to electricity bills in May 2021 as a separate line item

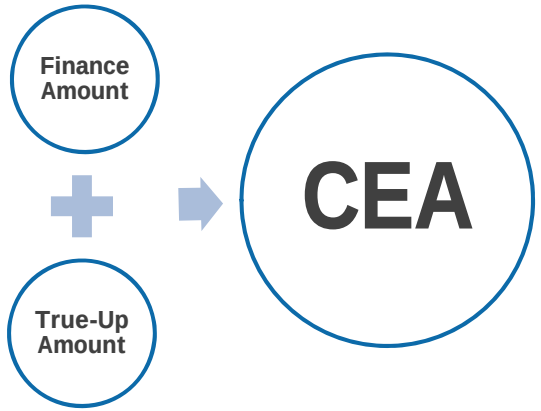

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are dealt with through statutory rights in the Act, the collection obligations of the IESO under the Master Transfer & Servicing Agreement ("MTSA") and the ability to include amounts into the true up mechanism

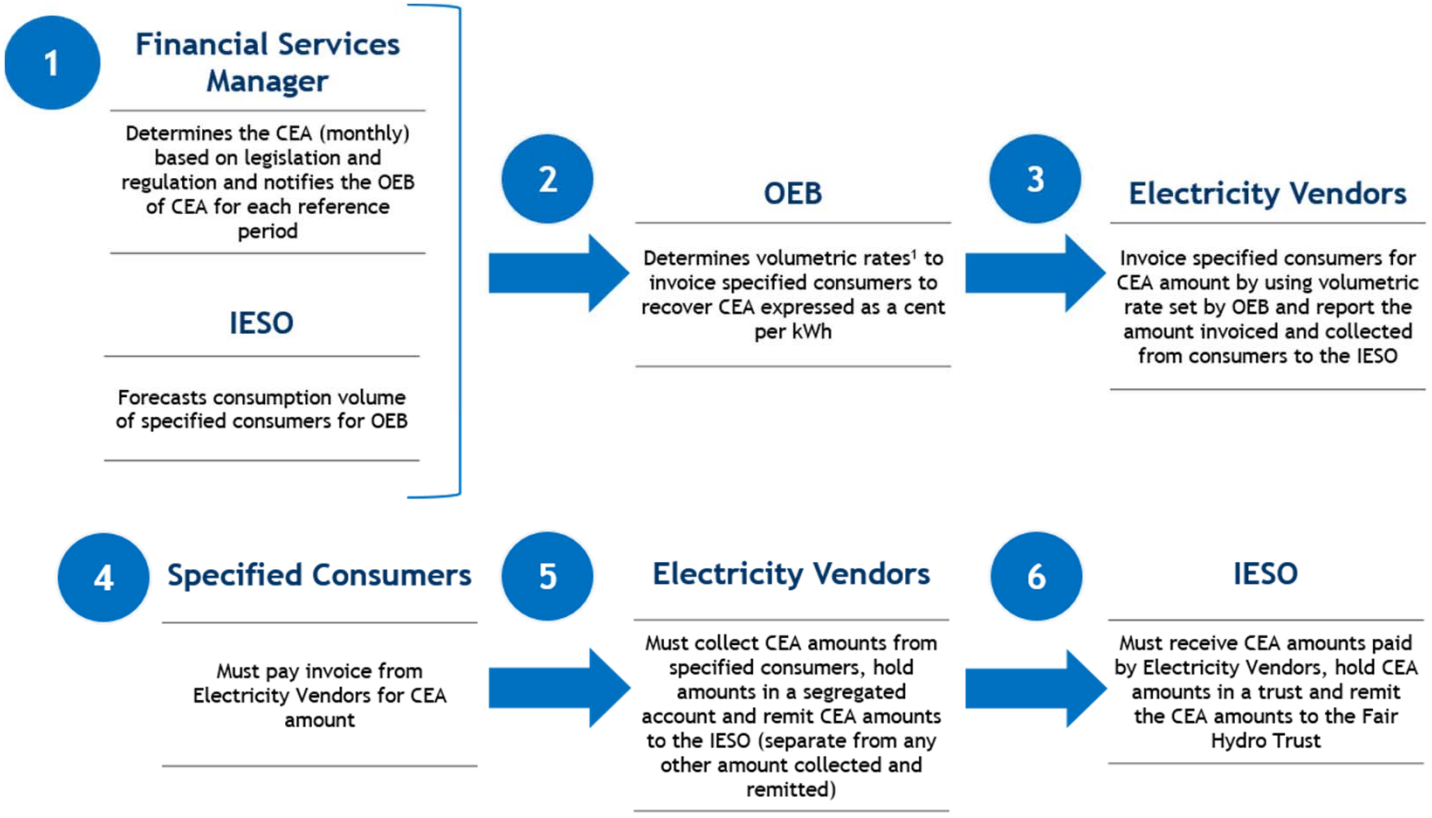

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers

Fair Allocation Amount

- The Fair Allocation Amount ("FAA") is the estimated clean energy costs without consideration of the FHP compared to these same costs reallocated on the basis of estimated clean energy benefits to Specified Consumers in respect of each reference period and includes operating and financing costs of the FHT
- If the FAA is negative, this means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers); the FAA is expected to be negative until at least May 2024
- The Ministry of Energy will provide updated FAAs to OPG from time-to-time

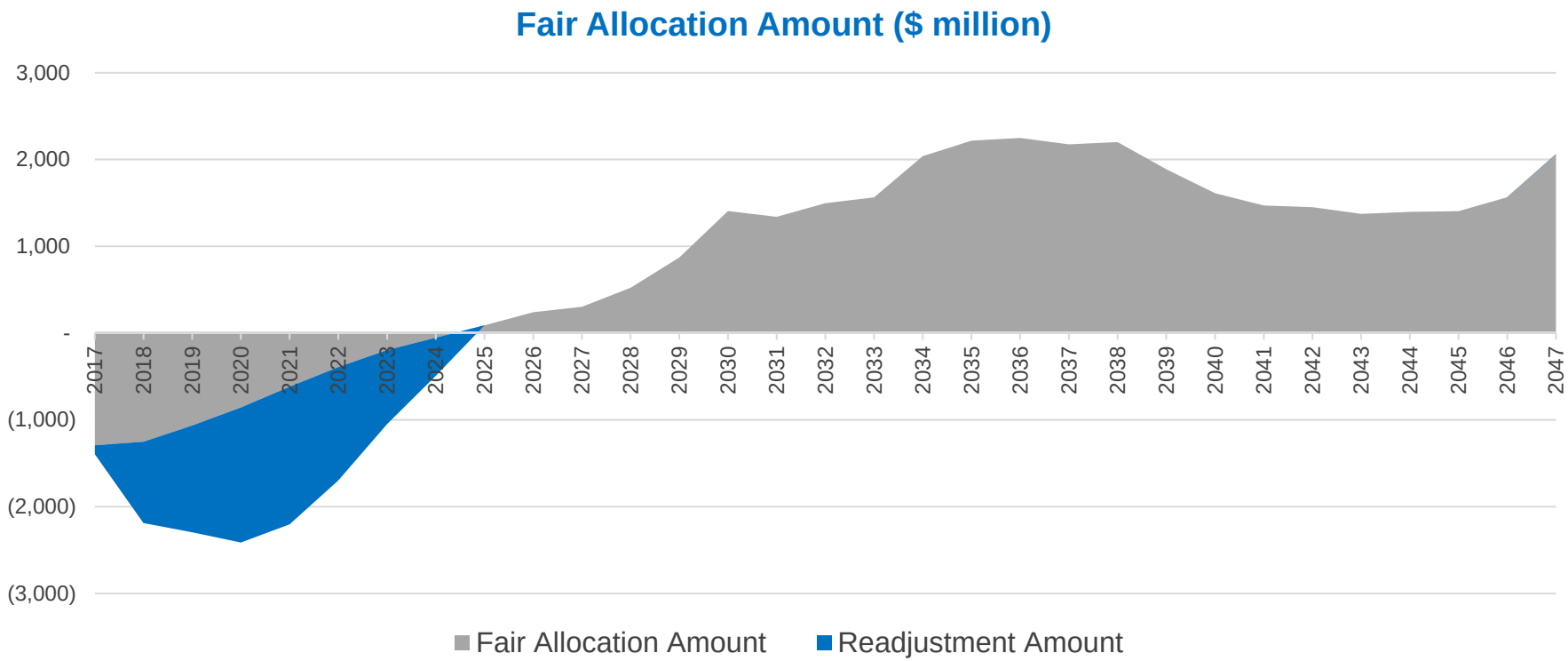

IV. Contractual Framework

Simplified Contractual Structure

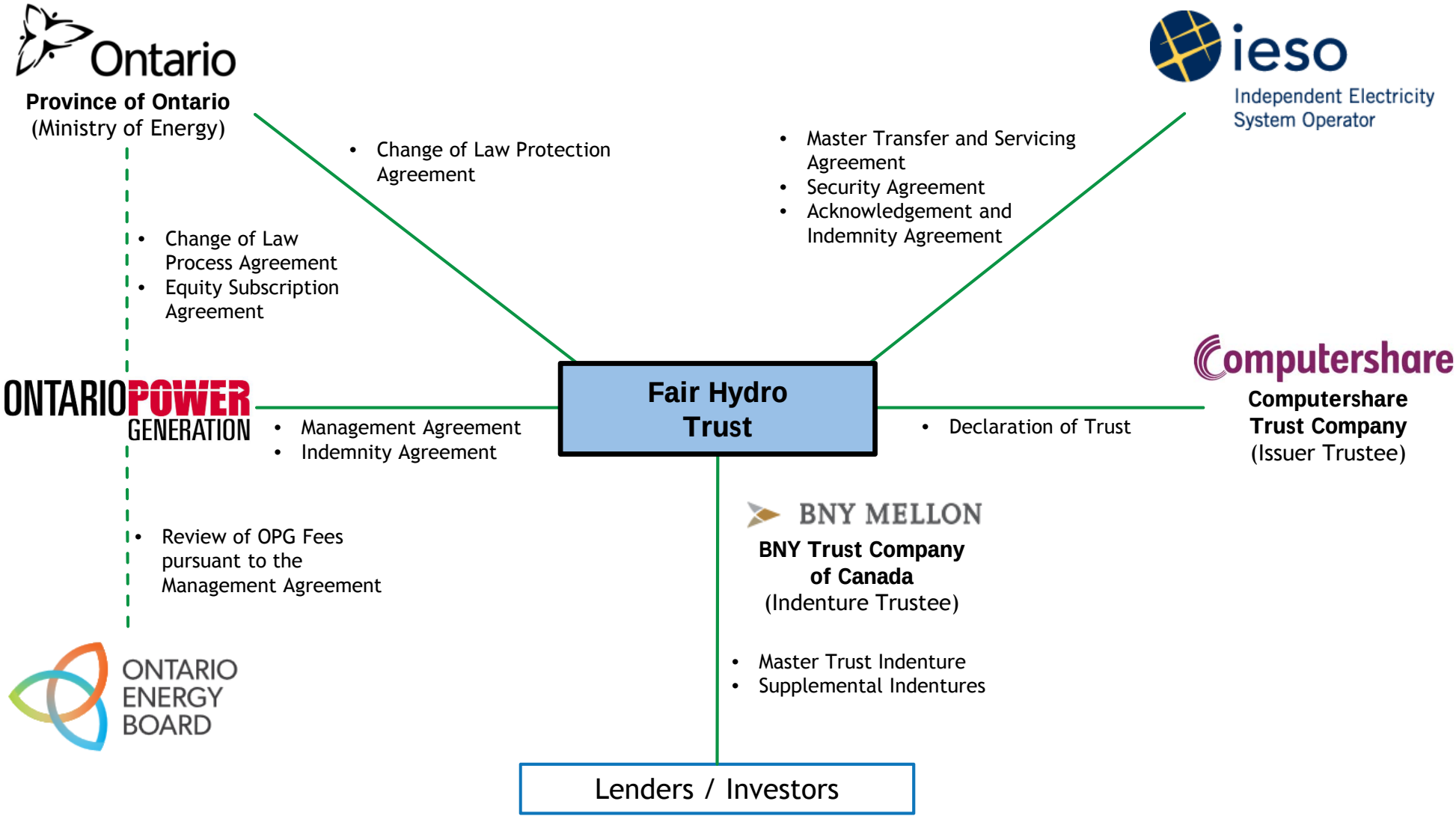

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario as Obligor and (2) Indenture Trustee, on behalf of Specified Creditors[1], as Beneficiaries and (3) OPG as Financial Services Manager ("FSM")
Purpose	• Provides assurance to investors that upon the occurrence of a Protection Event, the Province of Ontario will have an obligation to make payments on behalf of the Trust
Key Terms	• **Term**: Continues for as long as any obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding • **Mandatory Payment**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all obligations when due and payable • **Priority of Payments**: The priority of payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from change in law protection from the Province • **Suspension Notice**: The Province may deliver a suspension notice, after which date funding obligations incurred will not have the benefit of the Change of Law Protection, upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events:

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province
- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is ultra vires or invalid in a way that adversely affects the ability of the Trust to pay its obligations

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts and any reasonably expected potential effect of a true-up amount

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) the IESO, as transferor and servicer; (2) the Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of the regulatory asset, and upon such transfer the Trust acquires an investment interest
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the regulatory asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the investment interest under the Regulations, including collecting clean energy adjustment amounts from electricity vendors and remitting the same to the Trust, including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause electricity vendors to do the same – Collect CEAs from electricity vendors – Remit CEAs monthly to the Trust – Prepare monthly servicer reports – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During Moratorium Period (until May 1, 2021), the IESO will be required by regulation to fund all interest and other expenses of the Trust, which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, for the obligation of non-rated or non-investment grade rated electricity vendors.

Key Agreements (cont'd)

Management Agreement

Parties	• Issuer Trustee, on behalf of the Trust, and OPG, as Manager
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or caused to be reviewed, records of electricity vendors on a annual basis with respect to CEAs – Preparing financial statements; and – Paying taxes on behalf of the Trust • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire investment interests • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee and provides certain indemnities with respect to its duties and obligations under the MTSA
Indemnity Agreement (OPG)	• OPG, as manager under the Management Agreement, provides certain indemnities to the Indenture Trustee with respect to its duties and obligations under the Management Agreement
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of a proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time) to be exceeded
Equity Subscription Agreement	• Specifies the terms and conditions upon which the Province provides equity injections to OPG to purchase subordinated debt issued by the Trust
Declaration of Trust	• Establishes FHT to carry out activities for the benefit of its beneficiary unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare)

Allocation of Servicing Role and Responsibilities

The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Annually Review Records of LDCs with Respect to CEAs	✔		
Determination of True-Up Amount	✔		
Ongoing Filings for Trustee and Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management		✔	
Preparation of Monthly Service Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit) and OPG subordinated debt will be used to fund monthly regulatory asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

ABCP Conduit	• ABCP conduit and OPG subordinated debt will be used to fund monthly regulatory asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance short term debt financing provided by ABCP conduit and OPG subordinated debt • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to fit under the fair allocation curve (bullet bonds with synthetic amortization or amortizing bonds)
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund regulatory asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be purchased by OPG, primarily with equity injections from the Province (44%) and the remaining 5% from OPG

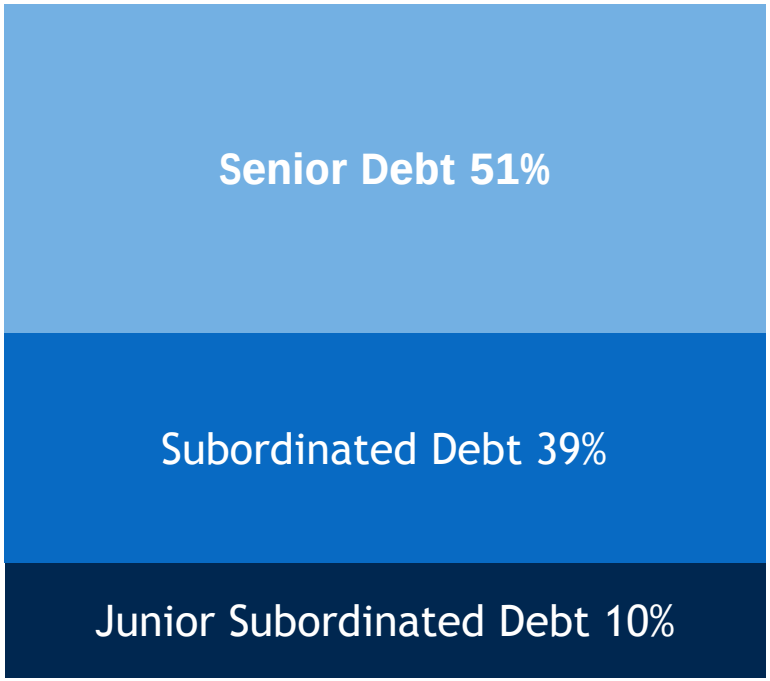

Senior Notes
Term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%)
- Provided to Trust by OPG via the Province (5%)

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which will mature over a period after 2029

Illustrative Aggregatee Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

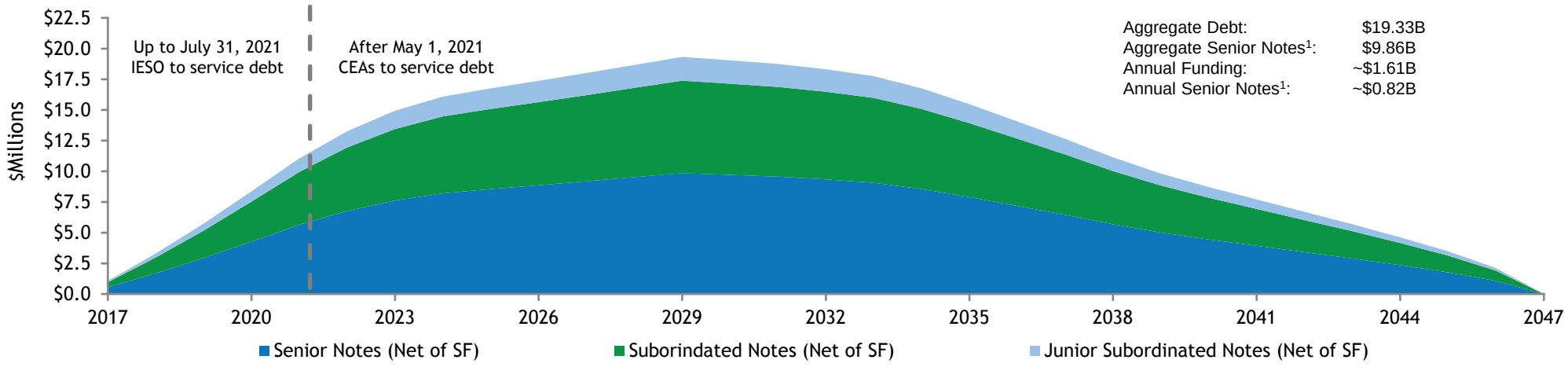

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro program, the clean energy adjustment for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Max CEA as a percent of the total bill is forecast to be 10.1%
- Average CEA as a percent of the total bill is forecast to be 6.9%

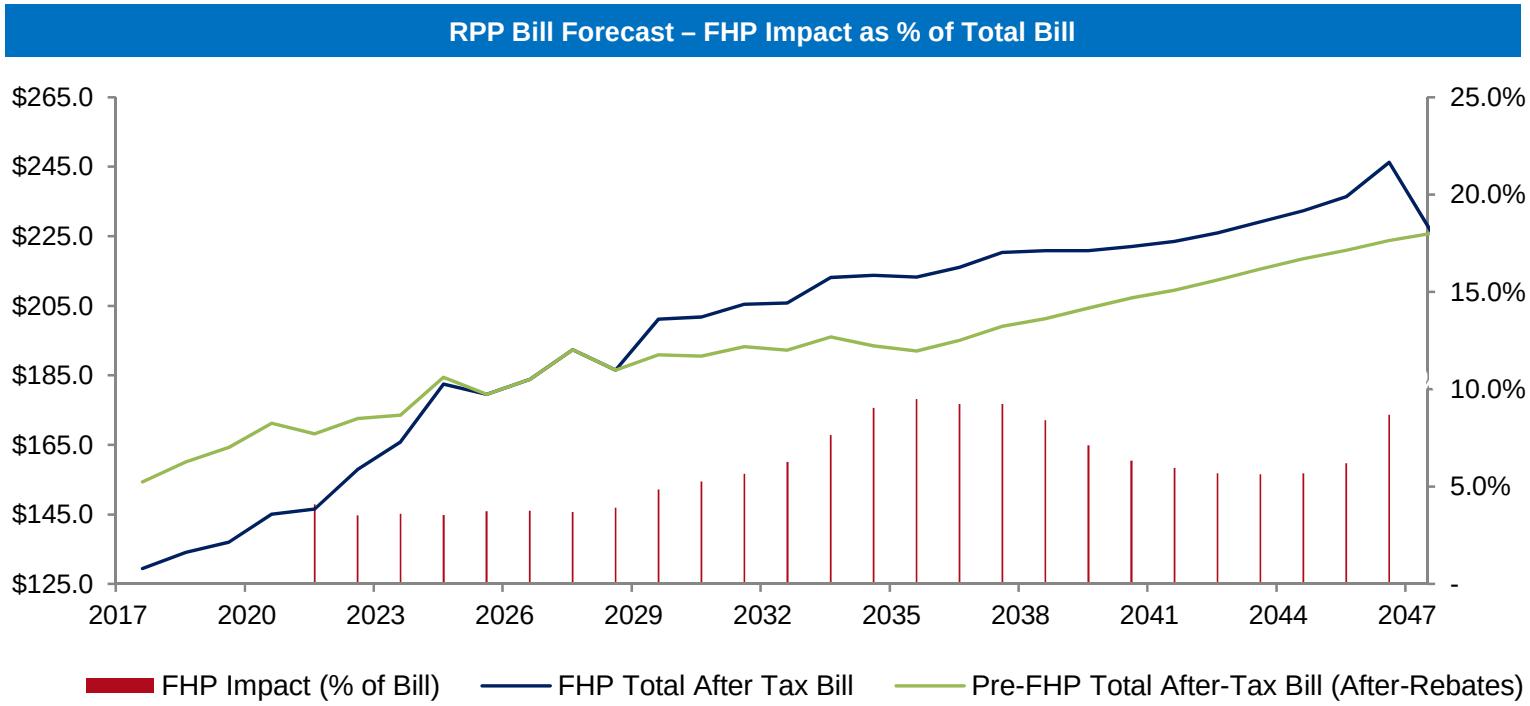

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• All Specified Creditors are required to be bound by the terms of the MTI including the priority provisions and to limit recourse to the assets of the Trust

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including:
	  • Note issuances under supplemental indentures
	  • Borrowings under credit agreements
	  • Purchase of notes under note purchase agreements
	  • Letters of Credit/Guarantees under credit enhancement agreements
	  • Liquidity loans under liquidity agreements backing short term notes

Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that:
	  – the incurrence of such additional obligations will not cause an adverse effect
	  – the incurrence of such additional obligations is materially consistent with the Financing Plan
	  – the estimated finance amount that would become due during the applicable reference period is expected to reasonably align with the fair allocation amount for such reference period
	• It will also be a condition precedent that each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Subordination	• Provides for three different classes of funding obligations (i) senior (ii) subordinated, and (iii) junior subordinated
Priority	• Prior to an Event of Default: the waterfall provision applies • After an Event of Default: payment priority direct all amounts to pay senior obligations first
Early Amortization	• Early amortization events will include the occurrence of a scheduled final payment date on notes, the Trust becoming an investment company, the insolvency of IESO or the Manager and any other additional early amortization events set out in a funding obligation agreement • An early amortization event will result in a modified repayment schedule for the outstanding funding obligations
Events of Default	• Include payment defaults, and representation and covenant breaches
Acceleration	• CEAs cannot be increased to the level to repay all outstanding principal following acceleration, however the subordination of debt would advance the repayment of the senior funding obligations

Indicative Waterfall

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Issuance	**Class**	**Size**	**% of Trust**	**Expected Maturity**	**Legal Maturity**	**Rating (DBRS / Moody's)**
	Senior Warehouse	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	N / A
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA / Aa2
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Guarantor	Province of Ontario					
Provincial Rate Authority	Ontario Energy Board					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances from IESO • Post Moratorium Period: Non-bypassable charge from residential and commercial customers in Ontario, related collections and reserve accounts					
Amortization	Sinking fund with bullet maturity					
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual True-up • Reserve Account (Senior Notes) • Subordination					
Reserve Account	[ ]					
True-up	Calculated on a semi-annual basis post-moratorium period					
Subordination	Subordinated and Jr. Subordinated Notes will be retained by OPG					
Additional Issuance	Master trust allows for the issuance of additional notes subject to Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• There may be pressure on a future government to adjust certain aspects of the repayment requirements	• Change of Law Protection Agreement in favour of lenders / investors
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• 6-month reference period • True up mechanism • Any shortfall in collections are recoverable from all Specified Consumers
Defaults (IESO & LDCs)	• During the Moratorium Period, the Trust is dependent on the IESO to pay carrying costs • Receipt of CEAs dependent on the performance of LDCs and IESO	• IESO has a very strong credit profile and very low losses • IESO to provide a letter of credit/other security for the obligation of non-rated or below investment grade rated LDCs • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total is forecast to be ~10%

VIII. Investment Highlights

Investment Highlights

- Strong provincial support through the Change of Law Protection Agreement
- Irrevocable & non-bypassable rate payer charge
- Full cross-collateralization; collection shortfalls allocated among all Specified Consumers
- Enhanced true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory
- No large user industrial risk exposure

From: John Kim
To: Shajee Kathirgamanathan; Gavin He
Cc: Ronald Kwan
Subject: FW: Draft Fair Hydro Investor Presentation.
Date: Thursday, January 04, 2018 2:52:45 PM
Attachments: Fair Hydro Investor Presentation Comments - ENERGY - SNAP.docx

---

Pls. take a look.

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Thursday, January 04, 2018 2:51 PM
To: may.lapira@opg.com; john.s.lee@opg.com
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; lubna.ladak@opg.com; ken.ryfa@opg.com; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

May/John,

A couple minor edits on slide 25, layered into the attached comments from other groups.

Thank you,
Graham

From: Talwar, Shruti (ENERGY)
Sent: January-03-18 7:57 PM
To: Sud, Manu (ENERGY); Young, Graham (ENERGY)
Subject: Fwd: Draft Fair Hydro Investor Presentation.

Not sure if you are getting these from others...

Sent from my iPhone

Begin forwarded message:

> **From:** John Kim <John.Kim@ofina.on.ca>
> **Date:** January 4, 2018 at 5:43:25 AM GMT+5:30
> **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>, '"LAURETA LAPIRA May -FIN & C CTRL'" <may.lapira@opg.com>, '"lubna.ladak@opg.com'" <lubna.ladak@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, '"Talwar, Shruti (ENERGY)'" <Shruti.Talwar@ontario.ca>, '"j.hahnparker@opg.com'" <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject: RE: Draft Fair Hydro Investor Presentation.**
>
> Attached is with MOF LSB comments consolidated.

From: John Kim
Sent: January-03-18 3:16 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken - TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Sorry, forgot to copy Ron….must be the jetlag from my recent trip.

From: John Kim
Sent: Wednesday, January 03, 2018 2:44 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken - TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi,

Pls. see attached with our suggested comment additions in red. We are still waiting for comments from MOF Legal, if any.

Thanks,

John

Begin forwarded message:

> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** January 3, 2018 at 10:25:21 AM EST
> **To:** John LEE <john.s.lee@opg.com>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken - TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY

<j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
Subject: Re: Draft Fair Hydro Investor Presentation.

Hi,

And we'll have a couple comments as well, and we looped in MOF Legal to take a quick look too.

Thanks,
Ron

On Jan 3, 2018, at 10:15 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Hi John:
> I think Ken caught the main issues on my side as well.
>
> Mike
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Wednesday, January 03, 2018 10:00 AM
> **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> Hi John
>
> Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.
>
> - Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC
> - Page 25 - Change of law Process Agreement; I would add that the PAM is set and updated by the Financing Plan.
>
> Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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this message from your system. Ontario Power Generation Inc.

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Fair Hydro Investor Presentation Comments

Slide #	Reference	Comment
Disclaimers	Last par.	How will this presentation be used, and is it in conjunction with the offering memorandum? [MOF LSB]
Slide 4	Images	Consider removing the nuclear and large hydro images as the plan only covers costs from renewables procurements, gas and conservation.
Slide 6	First bullet	Suggest using "proxy consumer" instead of "average" in this context, which would be more accurate and consistent with legislation as covered later in the presentation.[MOF LSB: Where is Proxy Consumer explained?]
Slide 6	Second bullet	Suggest changing "8% rebate in the provincial portion…" to " 8% rebate equivalent to the provincial portion…".
Slide 6	Third bullet	Language suggest that bills will increase back to status quo in 2021 – suggest adding language regarding increases back up to and past the status quo over time.
Slide 7	First bullet	Consider replacing the phrase starting from "in an amount…" with "in such an amount that the total OPG-held subordinated debt does not exceed 49% of all outstanding debt", for clarity.
Slide 11	First bullet	Suggest rewording to the following: "As part of the restructuring of Ontario's electricity industry under the Energy Competition Act, 1998, the municipal electricity utilities became municipally-owned business corporations, including local distribution companies ("LDCs")." – Some LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners."
Slide 14	Second bullet	Consider replacing "previously established regulated rate" with "regulated rate established in the first year of the Rate Reduction Period".
Slide 14	Last bullet	Similar to comment on Slide 6 above, suggest referencing increases back up to and beyond status quo beyond the moratorium period~~over time~~.
Slide 15	Third bullet of Moratorium Period section	Consider adding in the words "in favour of the Trust" at the end of the bullet [IESO Security Agreement].
Slide 15	Last bullet	The $2 billion credit facility is provided by the Ontario Financing Authority, not the OEFC. Also, consider rewording so as not to suggest that the $2 billion facility is solely for "carrying costs". Also, suggest that the last clause on security be a stand-alone bullet, not part of the OFA credit facility bullet, and should come before the other part of this bullet (i.e., become the third bullet of this section).

Slide 16	Second bullet	Consider rephrasing to align better with the offering memorandum and legislation.
Slide 16	Third bullet	Consider adding in the word "mainly" before "in respect of …" [see O.Reg. 206/17 section 5]. [MOF LSB: This is a defined term in the Act.]
Slide 16	Bill image	Consider removing as text description should be sufficient.
Slide 17	Second bullet	Consider replacing the words "dealt with" with "mitigated" to avoid suggesting that the risk is eliminated.
Slide 17	Number 2 in the process chart	Consider adding in the word "amount" at the end [O.Reg. 206/17 section 8(2)].
Slide 17	Number 6 in the process chart	Consider replacing the words "in a trust" with "in trust" [FHPA section 16(3)].
Slide 18	Chart	Consider adding explanation of readjustment amount.
Slide 20	Chart	Should the Province's indemnity to OPG [& IESO] be referred to here? [MOF LSB] Also consider whether Management Agreement should be included? [MOF LSB]
Slide 20	OEB's relationship with OPG in the diagram	Consider replacing "review of OPG Fees" with "review and approval of OPG Fees" to better align with the language in O. Reg. 206/17. Consider replacing "Management Agreement" with "Regulation".
Slide 20	IESO's relationship with the Fair Hydro Trust	Note that the Acknowledgement and Indemnity Agreement is made to the Indenture Trustee. Consider editing to avoid confusion.
Slide 20	Ontario Caption	Suggest just having "Province of Ontario" (i.e., omit "(Ministry of Energy)") [MOF LSB: Agree, as MOF is also signatory to some agreements.]
Slide 21	"Suspension Notice"	May wish to consider noting in the sentence that post-suspension refinancing is covered by the guarantee. As this was something Torys made a point of including in the agreement for financeability, suggest including for investors.
Below is a track changes on slides 21 and 22		
Change of Law Protection Agreement		
Parties	• Province of Ontario ~~as Obligor~~ and (2) Indenture Trustee as trustee of the FHT, on behalf of Specified Creditors, ~~as Beneficiaries~~ and (3) OPG as Financial Services Manager ("FSM")	
Purpose	• Provides assurance to Specified Creditors ~~investors~~ that upon the occurrence of a Protection Event, the Province of Ontario will ~~have an obligation to make~~ pay~~ments~~ Approved Obligations on behalf of the Trust, with [limited rights of acceleration][NTD: Consider how to phrase acceleration issue].	
Key Terms	• Term: Continues for as long as any obligations of the Trust that are secured under the	

	Master Trust Indenture (MTI) remain outstanding [MOF LSB: Only if such amounts are covered by the Limited Guarantee] • Mandatory Payment: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved ~~o~~Obligations when due and payable • Priority of Payments: The priority of payments is governed by the waterfall provision under the MTI • Adherence Conditions: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from C~~c~~hange in ~~l~~Law ~~p~~Protection Agreement from the Province • Suspension Notice: The Province may deliver a suspension notice upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM, and any new funding ~~after which date~~ funding obligations that are incurred after the date of a suspension notice will not have the benefit of the Change of Law Protection, ~~upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM~~ [MOF LSB: Should the pre-approved refinancing provisions be referred to here?]
Protection Events	The occurrence of any of the following events: • The Legislature repeals (and does not replace on an equivalent basis) or amends the FHP Act or any portion thereof as in effect on the date hereof • The Legislature enacts or amends any other statute • The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof • The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof • The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province • A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is ultra vires or invalid in a way that adversely affects the ability of the Trust to adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable~~pay its obligations~~ in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

Slide 23	Key Terms – Moratorium Period (bullet 3)	Consider replacing "(until May 1, 2021)" to "(until April 30, 2021) and up to July 31, 2021" [see section 21(4) of FHPA and section 9.1 of O. Reg. 206/17]. Consider removing "which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period", since this is not expressly provided in the MTSA [also see section 16 of O. Reg. 206/17].
Slide 25	"Equity Subscription Agreement" line	Replace "Equity Subscription Agreement" with "Master Share Subscription Agreement" Remove reference to 'subordinated' in this sentence:"….the Province provides equity injections to OPG to purchase ~~subordinated~~ debt issued by the Trust" - Rationale: While the equity injection is expected to be used for subordinated debt, this isn't specified in the Master Share Subscription agreement.
Slide 28	Third bullet	Consider replacing "fit under the fair allocation curve" with "ensure reasonable alignment with fair allocation amounts". [see paragraph 1 of section 21(3) of FHPA].
Slide 31	Chart	The post-FHP bill should not follow the status quo trajectory between 2025 and 2028 – bill should be above status quo including rebates as the FAA is positive for those years (Fair Adjustment would be used to offset the majority of the CEA but the amount of the FAA would remain).
Slide 33	Acceleration Bullet	Should this reference cap in regulation? [MOF LSB]
Slide 36	First bullet	Consider removing references to "statutorily mandated". Remittances from IESO are mandated under s. 9.1 of O. Reg. 206/17.
Slide 36	Guarantor	Should this refer to a limited guarantee to make relationship clear? [MOF LSB]
Slide 38	Political Risk	Consider reviewing the characterization of the risk to align with the risk as described in the Agreements.
Slide 38	Third bullet	Please note reference to ability to disconnect service for non-payment by LDCs isn't fully reflective of the requirement, consider revising to be more reflective of the actual mechanism.

From: Mike Manning
To: Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan
Subject: FW: EXTERNAL - Fwd: financing plan
Date: Thursday, December 07, 2017 11:29:33 AM

For your info.
Mike

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 07, 2017 10:53 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL - Fwd: financing plan

We will finalize next week once Guarantee is in final form as it is critical document. Also need to confirm with Moodys on any structural elements this week.

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, December 07, 2017 10:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL - Fwd: financing plan

Hi John:
When do you think the financing plan will be finalized, as opposed to in draft form? Just wondering as could impact meeting with the Ministers scheduled for next week.

Mike

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 06, 2017 1:30 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL - Fwd: financing plan

As requested.

-----Original Message-----
From: LEE John -TREASURY
Sent: Tuesday, December 05, 2017 8:48 AM
To: 'Christie, Tim (ENERGY)' <Tim.Christie@ontario.ca>
Cc: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL - Fwd: financing plan

Attached is the most current version.

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, December 05, 2017 8:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL - Fwd: financing plan

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown

senders or unexpected email. *** _____

John, see below. Is there a more recent draft?

_____
From: Hume, Steen (ENERGY) <steen.hume@ontario.ca>
Sent: Tuesday, December 5, 2017 8:37 AM
Subject: RE: financing plan
To: Christie, Tim (ENERGY) <tim.christie@ontario.ca>
Cc: Cox, Hilary (ENERGY) <hilary.cox@ontario.ca>

Thanks Tim. Next week seems fine to finalize the report, but can we have another opportunity to review and comment? Would like to give DM and MO an opportunity to weigh in before we finalize.

Is it possible to get another draft this week from OPG, minus the final commentary from the rating agencies. Something we could send up to for Thursday?

Steen

From: Christie, Tim (ENERGY)
Sent: December 4, 2017 4:59 PM
To: Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY)
Subject: financing plan

Steen, I spoke to John L this afternoon about the timing for the final financing plan. I think early next week is the best option as it will allow the plan to incorporate any information coming out of the rating agency process, which is expected to conclude this week. Let me know if you agree with that timing.

Tim

_____

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_____

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_____

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intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Hanslep, Malle (MOF)
To: Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy
Cc: Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 9:00:25 AM

Please see below.

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=QZhTq4fDmcPmc-PTajeO1qClCY4CDQZy5nYyCfjr1Mg&s=JTL3Ig377ASqNj0uzYsdjeSknuvjqywTxj4t3njrWgE&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>

<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From:	Hanslep, Malle (MOF)
To:	Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan
Cc:	Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject:	FW: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 8:48:41 AM

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""“Material Effect” means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province’s rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle
-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: January-05-18 8:40 AM
To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna - TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: January-04-18 4:11 PM
To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena

(ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ramchandani, Rima
Sent: Thursday, January 4, 2018 15:17
To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes
(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes
(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes
(4) Agency Agreement
(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)
(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in

progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----
From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

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From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Anna Strathy; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tim Christie (ENERGY); Veinot, Cindy (TBS)
Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 11:27:38 AM

I don't know exactly what the content of our conversation at 3pm will be so maybe we should consider whether today is the appropriate time for OPG to deliver these final documents, including the OM?

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 11:22 AM

To: 'Ramchandani, Rima'

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

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(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

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Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

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-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Ronald Kwan
To: Gadi Mayman
Subject: FW: EXTERNAL – FHP Questions - Funding Profile
Date: Thursday, February 15, 2018 12:53:48 PM

Hi Gadi,

FYI.

Ron

From: Carlos Yep
Sent: February-15-18 12:52
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: EXTERNAL – FHP Questions - Funding Profile

FYI

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Wednesday, February 07, 2018 12:19 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>
Subject: RE: EXTERNAL – FHP Questions

Shruti,
Now that the FHT has issued term debt the funding composition is starting to get more complicated. To help understand this below is a summary of the overall funding in the FHT which is now split between warehouse funding and term funding:

			Term debt takeout		
Warehouse Funding		Initial Balance	(980,392,156.86)	Ending Balance	
Senior debt	B=51% x A	601,290,000.00	(500,000,000.00)	101,290,000.00	51%
Subordinated	39/51 X B	459,810,000.00	(382,353,000.00)	77,457,000.00	39%
Junior subordinated	10/51 X B	117,900,000.00	(98,040,000.00)	19,860,000.00	10%
		1,179,000,000.00	(980,393,000.00)	198,607,000.00	
Term Debt Funding					
Senior debt	51.00%		500,000,000.00	500,000,000.00	51%
Subordinated	39.00%		382,353,000.00	382,353,000.00	39%
Junior subordinated	10.00%		98,040,000.00	98,040,000.00	10%
		-	980,393,000.00	980,393,000.00	
Total Funding					
Senior debt	51.00%	601,290,000.00	-	601,290,000.00	51%
Subordinated	39.00%	459,810,000.00	-	459,810,000.00	39%
Junior subordinated	10.00%	117,900,000.00	-	117,900,000.00	10%
		1,179,000,000.00	-	1,179,000,000.00	

1) The equity injection in December was used to fund the subordinated warehouse notes not the term notes. The warehouse notes have a base rate representing all-in funding costs of the senior warehouse notes per s 2.03(b). This funding cost is variable so any rate provided will only apply to a particular period. The December rate was approximately 2.5%. Per s 2.04(b)(i) & (c)(i) the applicable spread for sub and jr sub of this issuance was set at 0.10%.

   The sub and jr sub term notes that correspond to the senior term notes priced yesterday are different. The actual rates are still under review for the sub and jr sub which should be finalized soon.

2) Yes, next equity injection is likely March but could be February as well. For March transaction we would clear out as much of the IESO variance account as possible most of which is reflected in the February month end balance.

Hope this helps.
Thanks,
Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, February 07, 2018 11:25 AM
To: RYFA Ken -TREASURY <ken.ryfa@opg.com>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>
Cc: Young, Graham (ENERGY) <Graham.Young@ontario.ca>
Subject: EXTERNAL – FHP Questions

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Hi Ken, Carlos,

Hope you are both well.

I have a couple of questions re: equity injection. They may be both for Ken, but Carlos may be useful to loop you in as well.

1) Can you please provide the interest rate for suboardinate and jr. suboardinate term notes for the transaction that closed on Dec 20, 2017. Per the interest protocol agreement, the interest rate is the 'applicable base rate' (defined in S 2.03) and 'applicable spread' (defined in S 2.04). Section 2.06 of the protocol notes the sharing of this information with ENERGY and OFA. We need this information as soon as possible.

2) What is the timing for the next equity injection? Are you thinking it will be as of the regulatory asset balance as at Feb 28, 2018? In which case, could we expect a request in early March? As you know, the transaction needs to close before March 31 to align with our approved allocations from Treasury Board.

Thank you. Feel free to give me a call with any questions.
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy

416.325-8698
shruti.talwar@ontario.ca

From:	Mike Manning
To:	Ronald Kwan; Ken Kandeepan; Malle Hanslep (MOF)
Cc:	James Devine; Carlos Yep
Subject:	FW: EXTERNAL – Fair Hydro Plan Timeline Update
Date:	Thursday, October 19, 2017 2:13:44 PM
Attachments:	OPG - Timeline - October 18, 2017.pdf

Hello everyone:
Not sure this helps too much, but passing along for your information.

Regards, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, October 19, 2017 2:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: FW: EXTERNAL – Fair Hydro Plan Timeline Update

Mike:

Further to your request, attached is the current draft schedule.

John

From: Stoddart, Jesse - Debt Capital Markets [mailto:Jesse.Stoddart@cibc.com]
Sent: Wednesday, October 18, 2017 8:16 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; 'pmilligan@osler.com' <pmilligan@osler.com>; 'rsebastiano@osler.com' <rsebastiano@osler.com>; 'rramchandani@torys.com' <rramchandani@torys.com>; 'mfeldman@torys.com' <mfeldman@torys.com>
Cc: Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>
Subject: EXTERNAL – Fair Hydro Plan Timeline Update

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Please see attached the most updated version of the Fair Hydro Plan master timeline. Please focus on the short term key deliverables page, and let us know if you have any comments.

Thanks,
Jesse

Jesse Stoddart | Analyst | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
th

161 Bay Street 5 Floor, Toronto ON M5J 2S8 | Tel: 416 594-7464 | Cell: 647 217-6471 |
jesse.stoddart@cibc.com

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Fair Hydro Trust Financing Program

Master Timeline & Work Stream Schedules

Last Updated: October 18, 2017

Indicative Master Timeline

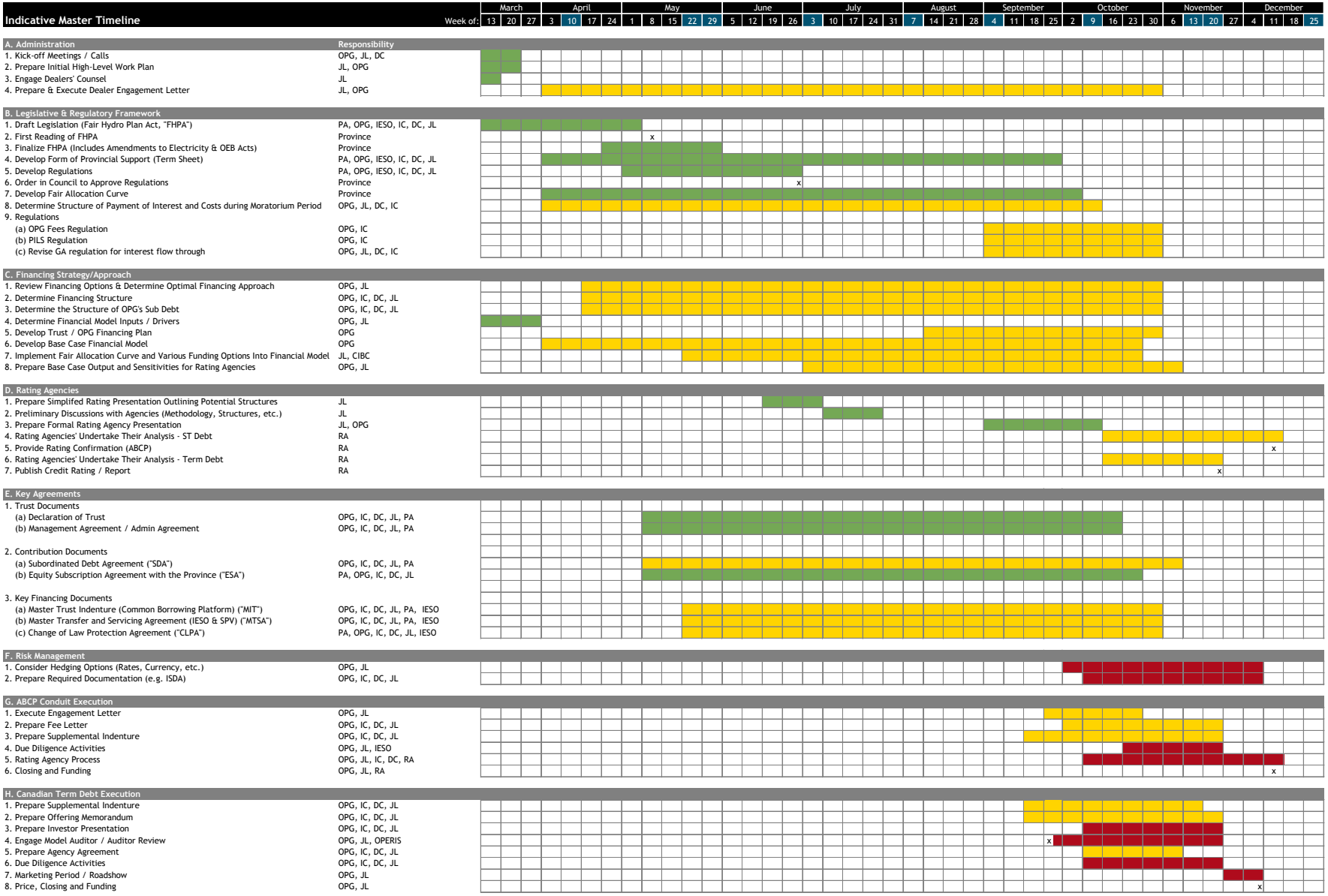

NOTE: This Master Timeline is intended to be a high level summary of the various workstreams illustrated above.

Legend

1. OPG - Ontario Power Generation
2. JL - Joint Leads
3. IC - Issuers' Counsel
4. PA - Province/Counsel/Advisor
5. DC - Dealers' Counsel
6. RA - Rating Agencies
7. IESO - IESO/Stikeman
8. OPERIS - Operis

Complete
In Process
Not Started
Bank Holiday - Shortened Week

Bank Holidays

Upcoming Canadian Holidays:

April 14 - Good Friday
May 22 - Victoria Day
July 3 - Canada Day
August 7 - Civic Holiday
October 9 - Thanksgiving
November 11 - Remembrance Day

Upcoming U.S. Holidays:

May 29 - Memorial Day
July 4 - Independence Day
September 4 (Canada & U.S.) - Labour Day
November 23 - Thanksgiving

Short Term Key Deliverables - Next Two Weeks

	Status	Deadline	Comments	Joint Leads				Counsel						Rating	
				OPG	CIBC	GS	RBC	Torys	Oslers	Province	Blakes	IESO	Stikemans	Agencies	Operis
Financial Strategy, Rating Agencies and Model Auditor															
1. Send legislation and regulations to Operis for review		Oct. 10	Week of Oct. 10		✓										✓
2. Meeting with IESO to discuss servicing and other items		Oct. 18		✓	✓	✓	✓	✓	✓			✓	✓		
3. Circulate model output to OPG / deal team		Oct. 16	Week of Oct. 16		✓										
4. Resolve issues surrounding interest payments during moratorium		Oct. 16	Week of Oct. 16	✓	✓	✓	✓					✓	✓		
5. Select name for Trust		Oct. 16	Week of Oct. 16	✓				✓							
6. Negotiate commerical terms and engage rating agencies		Oct. 16	Week of Oct. 16	✓										✓	
7. OPG / dealers to provide feeback on model assumptions		Oct. 23	Week of Oct. 23	✓		✓	✓								
8. Obtain list of rating agency diligence questions for IESO		Oct. 23	Week of Oct. 23												
9. Incorporate dealer / OPG feedback on assumptions for model		Oct. 23	Depending on extent of feedback		✓										
10. Send model to rating agencies / Operis		Oct. 23	Week of Oct. 23		✓										
11. Dealers to engage agencies on ABCP conduit		Oct. 23	Week of Oct. 23		✓	✓	✓							✓	
12. Provide supplemental indentures to rating agencies		Oct. 23	Week of Oct. 23 (for senior and sub debt)	✓	✓	✓	✓	✓	✓						
13. Provide key financing docs to rating agencies		Oct. 30	Week of October 30 (MTI / MTSA / CLPA)	✓	✓	✓	✓	✓	✓						
14. Rating agency due diligence with IESO		Oct. 30	Week of Oct. 30 (TBC)									✓		✓	
Key Agreements and Regulations															
1. Send draft of declaration of trust to rating agencies		Oct. 6						✓	✓						
2. Send draft of management agreement to rating agencies		Oct. 6						✓	✓						
3. Oslers / dealers to provide comments on MTI		Oct. 10	Week of Oct. 10		✓	✓	✓		✓						
4. Circulate first draft of supplemental indenture for ABCP		Oct. 10	Week of Oct. 10	✓	✓	✓	✓		✓						
5. Oslers to circulate revised draft of MTSA		Oct. 16	Week of Oct. 16		✓	✓	✓		✓						
6. Circulate first draft of CLPA		Oct. 16	Week of Oct. 16	✓						✓	✓				
7. Select name for Trust		Oct. 16	Week of Oct. 16	✓				✓							
8. Dealers to circulate revised engagement letter		Oct. 16	Week of Oct. 16	✓	✓	✓	✓								
9. Circulate draft regulations for payment of interest during moratorium		Oct. 16	Week of Oct. 16	✓				✓	✓	✓	✓	✓	✓		
10. Circulate first draft of supplemental indenture for term debt		Oct. 23	Week of Oct. 23 (for senior and sub debt)	✓	✓	✓	✓	✓	✓						
11. Provide comments on CLPA		Oct. 23	Week of Oct. 23		✓	✓	✓	✓	✓						
12. Finalize drafts of key financing documents for rating agencies		Oct. 30	Week of Oct. 30 (MTI / MTSA / CLPA)	✓				✓	✓						
13. Circulate first draft of SDA		Oct. 30	Week of Oct. 30							✓	✓				
14. Finalize drafts of supplemental indentures for rating agencies		Oct. 30	For senior, sub debt and ABCP	✓	✓	✓	✓	✓	✓						
ABCP Conduit Execution															
1. Circulate first draft of supplemental indenture		Oct. 10	Week of Oct. 10	✓	✓	✓	✓	✓	✓						
2. Circulate first draft of ABCP engagement letter to OPG		Oct. 10	Week of Oct. 10	✓	✓	✓	✓								
3. Finalize terms of ABCP conduit - indicative pricing and syndicate		Oct. 16	Week of Oct. 16		✓	✓	✓		✓						
4. Finalize engagement letter		Oct. 16	Week of Oct. 16	✓	✓	✓	✓								
5. Select issuer and indenture trustees		Oct. 23	Week of Oct. 23	✓				✓							
6. Finalize draft of supplemental indenture for rating agencies		Oct. 30	Week of Oct. 30						✓						
7. Provide draft of key financing documents to the rating agency		Oct. 30	Week of Oct. 30		✓	✓	✓								
8. Rating agency due diligence with IESO		Oct. 30	Week of Oct. 30 (TBC)									✓		✓	
Canadian Term Debt Execution															
1. Commence drafting OM		Oct. 10	Week of Oct. 10					✓							
2. Commence drafting supplemental indenture		Oct. 16	Week of Oct. 16						✓						
3. Commence drafting agency agreement		Oct. 16	Week of Oct. 16						✓						
4. Select issuer and indenture trustees		Oct. 16	Week of Oct. 16	✓				✓							
5. Commence drafting IP		Oct. 23	Week of Oct. 23	✓	✓	✓	✓								
6. Discuss potential hedging options		Oct. 23	Week of Oct. 23	✓	✓	✓	✓								
7. Circulate first draft of agency agreement		Oct. 23	Week of Oct. 23						✓						
8. Circulate first draft of supplemental indentures		Oct. 23	Week of Oct. 23 (for senior and sub debt)	✓	✓	✓	✓	✓	✓						
9. Circulate first draft of OM		Oct. 23	Week of Oct. 23					✓							
10. Provide supplemental indenture to rating agencies		Oct. 30					✓	✓	✓						
Critical Path Items															
1. Provide trust documents to the rating agencies		Oct. 10	Week of Oct. 10 (Dec of Trust, Management Agreement)	✓	✓	✓	✓	✓	✓						
2. Circulate first draft of CLPA		Oct. 16	Week of Oct. 16							✓	✓				
3. Provide financial model to the rating agencies and Operis		Oct. 23	Week of Oct. 23		✓										
4. Provide drafts of key financing documents to the rating agencies		Oct. 30	Week of Oct. 30 (MTI / MTSA / CLPA)	✓	✓	✓	✓	✓	✓						
5. Provide supplemental indenture to rating agencies		Oct. 30	Week of Oct. 30 (for senior, sub debt and ABCP)				✓	✓	✓						
6. Provide revised drafts of key financing agreements to rating agencies		Nov. 13	Incorporating rating agency feedback feedback	✓	✓	✓	✓	✓	✓						

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Work Stream Schedule - Financing Strategy, Rating Agencies, and Model Auditor

Week of:	March			April				May					June				July					August				September				October					November				December			
	13	20	27	3	10	17	24	1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27	4	11	18	25

C. Financing Strategy / Approach

1.	Review Financing Options & Determine Optimal Financing Approach	OPG, JL
2.	Determine Financing Structure	OPG, IC, DC, JL
3.	Determine the Structure of OPG's Sub Debt	OPG, IC, DC, JL
4.	Determine Financial Model Inputs / Drivers	OPG, JL
5.	Develop Trust / OPG Financing Plan	OPG
6.	Develop Base Case Financial Model	OPG
7.	Implement Fair Allocation Curve and Various Funding Options Into Financial Mode	JL, CIBC
8.	Prepare Base Case Output and Sensitivities for Rating Agencies	OPG, JL

D. Rating Agencies

1.	Prepare Simplifed Rating Presentation Outlining Potential Structures	JL
2.	Preliminary Discussions with Agencies (Methodology, Structures, etc.)	JL
3.	Prepare Formal Rating Agency Presentation	JL, OPG
4.	Rating Agencies' Undertake Their Analysis - ST Debt	RA
5.	Provide Rating Confirmation (ABCP)	RA
6.	Rating Agencies' Undertake Their Analysis - Term Debt	RA
7.	Publish Credit Rating / Report	RA

Key Items

		Status	Deadline	Comments	Joint Leads: OPG	Joint Leads: CIBC	Joint Leads: GS	Joint Leads: RBC	Counsel: Torys	Counsel: Oslers	Province	Blakes	IESO	Stikemans	Rating Agencies	Operis
1.	Select rating agencies		Sept. 29	Moving forward with DBRS and Moody's	✓	✓	✓	✓							✓	
2.	Finalize fair allocation curve		Oct. 2	Week of Oct. 2 (delayed; expected Sept 29)							✓					
3.	OPG to provide draft slides for rating presentations		Oct. 2	Week of Oct. 2	✓											
4.	Torys to provide legislation and contract summaries		Oct. 3						✓							
5.	Engage Operis		Oct. 10	Week of Oct. 10		✓										
6.	Send legislation and regulations to Operis for review		Oct. 10	Week of Oct. 10		✓										
7.	Finalize formal rating agency presentation		Oct. 10	Week of Oct. 10	✓			✓								
8.	Provide trust documents to rating agencies		Oct. 10	Week of Oct. 10 (Dec of Trust, Management Agreement)	✓	✓	✓	✓	✓	✓						
9.	Incorporate fair allocation curve into financial model		Oct. 16	Week of Oct. 16		✓										
10.	Circulate model output to OPG / deal team		Oct. 16	Week of Oct. 16		✓										
11.	Resolve issues surrounding interest payments during moratorium		Oct. 16	Week of Oct. 16	✓	✓	✓	✓					✓	✓		
12.	Negotiate commerical terms and engage rating agencies		Oct. 16	Week of Oct. 16	✓			✓								
13.	OPG / dealers to Provide feeback on model assumptions		Oct. 23	Week of Oct. 23	✓		✓	✓								
14.	Incorporate dealer / OPG feedback on assumptions for model		Oct. 23	Depending extent of feedback		✓										
15.	Send model to rating agencies / Operis		Oct. 23	Week of Oct. 23		✓										
16.	Provide key financing docs to rating agencies		Oct. 30	Week of October 30 (MTI / MTSA / CLPA)	✓	✓	✓	✓	✓	✓						
17.	Provide supplemental indentures to rating agencies		Oct. 30	Week of Oct. 30 (for senior and sub debt)	✓	✓	✓	✓	✓	✓						
18.	Rating agency due diligence with IESO		Oct. 30	Week of Oct. 30 (TBC)									✓		✓	
19.	Run additional sensitivities required by rating agencies		Oct. 30	Week of Oct. 30		✓									✓	
20.	OPG to finalize Financing Plan		Oct. 30	Week of Oct. 30	✓	✓	✓	✓								
21.	Provide updated model to Operis		Oct. 30	Week of Oct. 30		✓										
22.	Delivery of first issues report by Operis		Nov. 3													✓
23.	Provide draft OM to rating agencies		Nov.6	Week of Nov. 6	✓	✓	✓	✓	✓	✓						
24.	Provide revised financing docs to rating agencies incorporating their feedback		Nov.13	MTI / MTSA / CLPA / supplemental indentures	✓				✓	✓						
25.	Prepare summary of Operis audit report for OM		Nov. 15			✓	✓	✓								✓
26.	Delivery of second issues report by Operis		Nov. 17													✓
27.	Obtain auditor reliance letter from Operis		Nov. 20													✓
28.	Publish credit rating / report (senior debt and sub debt)		Nov. 27	Week of November 27											✓	
29.	Provide rating confirmation (ABCP)		Dec. 11												✓	

Legend

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4. PA - Province/Counsel/Advisor	Bank Holiday - Shortened Week
5. DC - Dealers' Counsel	Primary Responsibility
6. RA - Rating Agencies	
7. IESO - IESO/Stikeman	
8. OPERIS - Operis	

Bank Holidays

Upcoming Canadian Holidays:

April 14 - Good Friday
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Upcoming U.S. Holidays:

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September 4 (Canada & U.S.) - Labour Day
November 23 - Thanksgiving

Work Stream Schedule - Key Agreements

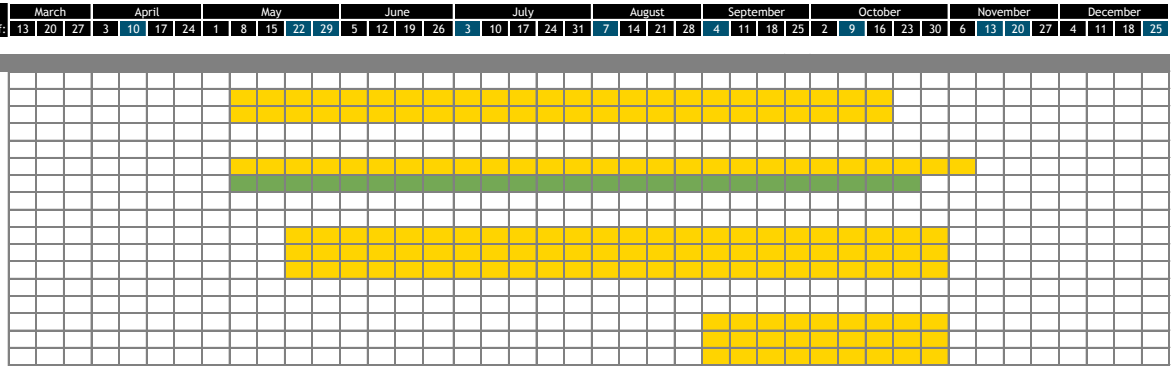

E. Key Agreements and Regulations

1. Trust Documents	
(a) Declaration of Trust	OPG, IC, DC, JL, PA
(b) Management Agreement / Admin Agreement	OPG, IC, DC, JL, PA
2. Contribution Documents	
(a) Subordinated Debt Agreement ("SDA")	OPG, IC, DC, JL, PA
(b) Equity Subscription Agreement with the Province ("ESA")	PA, OPG, IC, DC, JL
3. Key Financing Documents	
(a) Master Trust Indenture (Common Borrowing Platform) ("MIT")	OPG, IC, DC, JL, PA, IESO
(b) Master Transfer and Servicing Agreement (IESO & SPV) ("MTSA")	OPG, IC, DC, JL, PA, IESO
(c) Change of Law Protection Agreement ("CLPA")	PA, OPG, IC, DC, JL, IESO
4. Regulations	
(a) OPG Fees Regulation	OPG, IC
(b) PILS Regulation	OPG, IC
(c) Revise GA regulation for interest flow through	OPG, JL, DC, IC

Key Items

	Status	Deadline	Comments	OPG	Joint Leads: CIBC	Joint Leads: GS	Joint Leads: RBC	Counsel: Torys	Counsel: Oslers	Province	Blakes	IESO	Stikemans	Rating Agencies	Operis
1. Circulate revised draft of declaration of trust		Oct. 4						✓	✓						
2. Circulate revised draft of management agreement		Oct. 4						✓	✓						
3. Finalize draft of declaration of trust for rating agencies		Oct. 6						✓	✓						
4. Finalize draft of management agreement for rating agencies		Oct. 6						✓	✓						
5. Oslers / dealers to provide comments on MTI		Oct. 10	Week of Oct. 10		✓	✓	✓		✓						
6. Circulate first draft of supplemental indenture for ABCP		Oct. 10	Week of Oct. 10	✓	✓	✓	✓		✓						
7. Oslers to circulate revised draft of MTSA		Oct. 16	Week of Oct. 16		✓	✓	✓		✓						
8. Circulate first draft of CLPA		Oct. 16	Week of Oct. 16	✓						✓	✓				
9. Dealers to circulate revised engagement letter		Oct. 16	Week of Oct. 16	✓	✓	✓	✓								
10. Circulate draft regulations for payment of interest during moratorium		Oct. 16	Week of Oct. 16	✓				✓	✓	✓	✓	✓	✓		
11. Circulate first draft of supplemental indenture for term debt		Oct. 23	Week of Oct. 23 (for senior and sub debt)	✓	✓	✓	✓	✓	✓						
12. Finalize draft regulations for payment of interest through GA		Oct. 23	Week of Oct. 23	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
13. Finalize PILS regulation		Oct. 23	Week of Oct. 23	✓					✓						
14. Finalize OPG fees regulation		Oct. 23	Week of Oct. 23	✓					✓						
15. Finalize drafts of key financing documents for rating agencies		Oct. 30	Week of Oct. 30 (MTI / MTSA / CLPA)	✓				✓	✓						
16. Circulate first draft of SDA		Oct. 30	Week of Oct. 30	✓				✓		✓	✓				
17. Finalize drafts of supplemental indentures for rating agencies		Oct. 30	For senior and sub debt and ABCP	✓	✓	✓	✓	✓	✓						
18. Finalize SDA		Oct. 30	Week of Oct. 30		✓	✓	✓								
19. Finalize drafts of legal opinions		Nov. 13	Week of Nov. 30					✓	✓						
20. Revise drafts of key financing documents incorporating rating agency feedback		Nov. 13		✓				✓	✓						
21. Revise drafts of supplemental indentures incorporating rating agency feedback		Nov. 13		✓	✓	✓	✓	✓	✓						

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Bank Holidays

Upcoming Canadian Holidays:

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Upcoming U.S. Holidays:

May 29 - Memorial Day
July 4 - Independence Day
September 4 (Canada & U.S.) - Labour Day
November 23 - Thanksgiving

Work Stream Schedule - ABCP Conduit Execution

Week of:	March			April				May				June				July				August				September				October				November				December			
	13	20	27	3	10	17	24	1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27	4	11	18	25

F. ABCP Conduit Execution

1.	Execute Engagement Letter	OPG, JL
2.	Prepare Fee Letter	OPG, IC, DC, JL
3.	Prepare Supplemental Indenture	OPG, IC, DC, JL
4.	Due Diligence Activities	OPG, JL, IESO
5.	Rating Agency Process	OPG, JL, IC, DC, RA
6.	Closing and Funding	OPG, JL, RA

Key Items

		Status	Deadline	Comments	Joint Leads: OPG	CIBC	GS	RBC	Counsel: Torys	Oslers	Province	Blakes	IESO	Stikemans	Rating Agencies	Operis
1.	Circulate first draft of supplemental indenture		Oct. 10	Week of Oct. 10	✓	✓	✓	✓	✓	✓						
2.	GS to advise of amount of participation		Oct. 16				✓									
3.	Draft fee letter		Oct. 16	Week of Oct. 16		✓	✓	✓								
4.	Circulate first draft of ABCP engagement letter to OPG		Oct. 16	Week of Oct. 16	✓	✓	✓	✓		✓						
5.	Finalize engagement letter		Oct. 16	Week of Oct. 16	✓	✓	✓	✓								
6.	Select issuer and indenture trustees		Oct. 23	Week of Oct. 23	✓				✓							
7.	Finalize draft of supplemental indenture for rating agencies		Oct. 30	Week of Oct. 30						✓						
8.	Provide draft of key financing documents to the rating agency		Oct. 30	Week of Oct. 30		✓	✓	✓								
9.	Rating agency due diligence with IESO		Oct. 30	Week of Oct. 30 (TBC)									✓		✓	
10.	Provide revised financing documents to rating agencies incorporating their feedback		Nov. 13			✓	✓	✓	✓	✓						
11.	Finalize fee letter		Nov. 20			✓	✓	✓		✓						
12.	Finalize rating agency approvals; receive confirmation ratings		Dec. 4	ABCP rating levels of R-1(high)/P-1 from DBRS/Moody's		✓	✓	✓							✓	
13.	Obtain all final internal approvals		Dec. 4			✓	✓	✓								
14.	Pre-close and sign documents		Dec. 8		✓	✓	✓	✓								
15.	Close and fund		Dec. 11		✓	✓	✓	✓								

Legend

1.	OPG - Ontario Power Generation	Complete
2.	JL - Joint Leads	In Process
3.	IC - Issuers' Counsel	Not Started
4.	PA - Province/Counsel/Advisor	Bank Holiday - Shortened Week
5.	DC - Dealers' Counsel	Primary Responsibility
6.	RA - Rating Agencies	
7.	IESO - IESO/Stikeman	
8.	OPERIS - Operis	

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Upcoming U.S. Holidays:

May 29 - Memorial Day
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September 4 (Canada & U.S.) - Labour Day
November 23 - Thanksgiving

Work Stream Schedule - Cdn Term Debt Execution

Week of:	March			April				May					June				July					August				September				October					November				December			
	13	20	27	3	10	17	24	1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27	4	11	18	25
G. Canadian Term Debt Execution																																										
1. Prepare Supplemental Indenture	OPG, IC, DC, JL																																									
2. Prepare Offering Memorandum (OM)	OPG, IC, DC, JL																																									
3. Prepare Investor Presentation (IP)	OPG, IC, DC, JL																																									
4. Engage Model Auditor / Auditor Review	OPG, JL, OPERIS																												x													
5. Prepare Agency Agreement	OPG, IC, DC, JL																																									
6. Due Diligence Activities	OPG, IC, DC, JL																																									
7. Marketing Period / Roadshow	OPG, JL																																									
8. Price, Closing and Funding	OPG, JL																																							x		

Key Items

	Status	Deadline	Comments	Joint Leads: OPG	CIBC	GS	RBC	Counsel: Torys	Oslers	Province	Blakes	IESO	Stikemans	Rating Agencies	Operis
1. Circulate first draft of supplemental indenture		Oct. 23	Week of Oct. 23 (for senior and sub debt)	✓	✓	✓	✓	✓	✓						
2. Commence drafting IP		Oct. 23	Week of Oct. 23	✓	✓	✓	✓								
3. Select issuer and indenture trustees		Oct. 23	Week of Oct. 23	✓				✓							
4. Discuss potential hedging options		Oct. 23	Week of Oct. 23	✓	✓	✓	✓								
5. Circulate first draft of agency agreement		Oct. 23	Week of Oct. 23						✓						
6. Circulate first draft of OM		Oct. 23	Week of Oct. 23					✓							
7. Provide supplemental indenture to rating agencies		Oct. 30	Week of Oct. 30				✓	✓	✓						
8. Circulate first draft of IP		Oct. 30	Week of Oct. 30	✓	✓	✓	✓								
9. Provide MTI and supplemental indentures to trustee		Oct. 30	Week of Oct. 30	✓	✓	✓	✓	✓	✓						
10. Finalize draft of supplemental indentures		Nov. 13	Week of Nov. 13	✓	✓	✓	✓	✓	✓						
11. Finalize draft of agency agreement		Nov. 13	Week of Nov. 13	✓	✓	✓	✓	✓	✓						
12. Provide draft OM to rating agencies		Nov. 13	Week of Nov. 13	✓	✓	✓	✓	✓	✓						
13. Finalize OM		Nov. 22		✓	✓	✓	✓	✓	✓						
14. Finalize IP		Nov. 22		✓	✓	✓	✓								
15. Send documentation to syndicate		Nov. 23/34			✓	✓	✓								
16. Marketing period / roadshow		Nov. 27	Weeks of Nov. 27 and Dec. 4	✓	✓	✓	✓								
17. Formal due diligence call		Nov. 27		✓	✓	✓	✓	✓	✓						
18. Release rating agency reports		Nov. 27												✓	
19. Syndicate to provide price indications for sub debt		Dec. 5			✓	✓	✓								
20. Target pricing for term debt		Dec. 7		✓	✓	✓	✓								
21. Close transaction		Dec. 12			✓	✓	✓								

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August 7 - Civic Holiday
October 9 - Thanksgiving
November 11 - Remembrance Day

Upcoming U.S. Holidays:

May 29 - Memorial Day
July 4 - Independence Day
September 4 (Canada & U.S.) - Labour Day
November 23 - Thanksgiving

From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy
Cc:	Malle Hanslep (MOF)
Subject:	FW: EXTERNAL – Process Certificate
Date:	Wednesday, December 20, 2017 9:43:59 AM
Attachments:	Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA (2).DOCX

Please see attached a draft of the process certificate with respect to the initial funding.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 19, 2017 9:31 PM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; 'MCAULEY Tyler -LAWDIV'; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,
Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-0374

- and -

Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-1595

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM

To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

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

RE: C$601,290,000 aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**")

AND RE: C$459,810,000 aggregate principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**")

AND RE: C$117,900,000 aggregate principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Fee Letter are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

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

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

Name:
Title:

Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	C$601,290,000
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES	
Principal Amount	C$459,810,000
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	C$117,900,000
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six-payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six-payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: • A daily rate of 40 bps per annum if utilization on such day is >66.67% • A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% • A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

From: Hanslep, Malle (MOF)
To: Mike Manning; Ken Kandeepan; Ronald Kwan
Cc: Anna Strathy; Gadi Mayman; Tobias P. Whitfield (MOF)
Subject: FW: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 12:06:58 PM
Attachments: Process Certificate of the CFO and Treasurer of OPG re section 3.01 of t....docx
Blackline_24668830v1 - 24546313v5.pdf

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

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

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY

<may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,
Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,
Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM

To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-0374

- and -

Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-1595

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached

definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

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

RE: C$800,000,000 aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**")

AND RE: C$611,764,705.88 principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**")

AND RE: C$156,862,745.10 principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Fee Letter are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

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

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

Name:
Title:

Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	Aggregate maximum principal amount of C$800,000,000
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES	
Principal Amount	Maximum principal amount of C$611,764,705.88
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 JUNIOR SUBORDINATED NOTES	
Principal Amount	Maximum principal amount of C$156,862,745.10
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six-payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six-payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: • A daily rate of 40 bps per annum if utilization on such day is >66.67% • A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% • A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

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

RE: C$~~601,290,000~~**800,000,000** aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**")

AND RE: C$~~459,810,000 aggregate~~**611,764,705.88** principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**")

AND RE: C$~~117,900,000 aggregate~~**156,862,745.10** principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.
3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.
4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.
5. The material terms of the Fee Letter are set forth in Schedule D.
6. The Funding Obligations:
   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;
   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;
   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and
   (d) reflect, in all material respects, arm's length terms and conditions.
7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.
8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.
9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.
10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

Name:
Title:

Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	**Aggregate maximum principal amount of** C$~~601,290,000~~**800,000,000**
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES	
Principal Amount	**Maximum principal amount of** C$~~459,810,000~~**611,764,705.88**
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 ~~SENIOR~~JUNIOR SUBORDINATED NOTES ~~TERM SHEET~~	
Principal Amount	Maximum principal amount of C$~~117,900,000~~156,862,745.10
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six- payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six- payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: - A daily rate of 40 bps per annum if utilization on such day is >66.67% - A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% - A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

Document comparison by Workshare Compare on December-20-17 10:52:18 AM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24668830/1
Description	#24668830v1<TorysAtWork> - ignore
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24546313/5
Description	#24546313v5<TorysAtWork> - Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	18
Deletions	15
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	33

From: Ken Kandeepan
To: Tim Christie (ENERGY)
Cc: Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); John Kim; Ronald Kwan
Subject: FW: EXTERNAL – RE: Waiver Process
Date: Thursday, January 04, 2018 4:24:41 PM

FYI, looks like the waiver is not an issue now.

Thanks

Ken k

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, January 04, 2018 4:08 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: FW: EXTERNAL – RE: Waiver Process

Ken/Steen:

Just a bit of an update, it appears that DBRS is unlikely to hit the earlier 15th date.
It is looking more likely that the marketing launch will fall back to the original target date of the 22nd.

John

-----Original Message-----
From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY

<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV
<leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY
<lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: LEE John -TREASURY
To: Mike Manning; Ronald Kwan
Cc: RYFA Ken -TREASURY; LADAK Lubna -TREASURY
Subject: FW: EXTERNAL – **BOOKS OPEN** FAIR HYDRO TRUST
Date: Thursday, April 19, 2018 9:27:23 AM

FYI
Book has been opened.

From: Burrows, Scott - Debt Capital Markets [mailto:Scott.Burrows@cibc.com]
Sent: Thursday, April 19, 2018 9:24 AM
To: Burrows, Scott - Debt Capital Markets <Scott.Burrows@cibc.com>
Subject: EXTERNAL – **BOOKS OPEN** FAIR HYDRO TRUST

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Books are now open for the previously announced 2018-2 **Fair Hydro Trust** debt offering. The offering consists of a minimum $300 million of senior notes that will have room to grow, with an expected term to maturity of 20 years. Spread guidance has been set at +110 bps (+/-3 bps) vs. the GoC curve.

Pricing is expected later today. CIBC is Joint Lead, Joint Bookrunner and Structuring Lead on this transaction.

Details of today's launch are as follows:

****BOOKS OPEN** FAIR HYDRO TRUST**

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	●% Senior Notes due May 15, 2038, Series 2018-2 (the "Series 2018-2 Senior Notes").
Expected Credit Ratings:	DBRS: AAA(sf) Moody's: Aa2(sf)
Principal Amount:	Minimum $300,000,000
Initial % of Aggregate Notes:	51%
Launch Date:	April 19, 2018
Pricing Date:	April 19, 2018
Settlement Date:	April 24, 2018 (T+3)
Term:	20 years
Expected Maturity Date:	May 15, 2038
Principal Payment Default Date:	May 15, 2040
Par Call Date:	November 15, 2037
Interest Rate:	●% per annum
Issue Spread:	+110 bps (+/-3 bps) versus Government of Canada curve interpolated between CAN 5% due June 1, 2037 and CAN 4% due June 1, 2041 +● bps (including a ● bps curve adjustment and +● bps delay adjustment), versus the CAN 5% due June 1, 2037 (priced at $● to yield ●%)
Issue Yield:	●%
Issue Price:	$● per $1,000 principal amount of Series 2018-2 Senior Notes.
Interest Payment Dates:	May 15 and November 15 or next business day
Use of Proceeds:	The proceeds from the Series 2018-2 Senior Notes Offering will be used to refinance $● of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement.
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-2 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer

from time to time pursuant to the Indenture, without discrimination or preference.

Regards,
Scott
Scott Burrows | Managing Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto, ON, M5J 2S8| Tel: 416 956-3049| Cell: 416 786-4369 | Fax: 416 594-7760 |
scott.burrows@cibc.com

From: Burrows, Scott - Debt Capital Markets
Sent: Wednesday, April 18, 2018 2:13 PM
To: Burrows, Scott - Debt Capital Markets
Subject: **ANNOUNCED** FAIR HYDRO TRUST

CIBC World Markets, Goldman Sachs, and RBC Capital Markets are pleased to announce the 2018-2 debt offering for **Fair Hydro Trust ("FHT" or the "Issuer")**. The proposed senior notes will be offered by way of private placement in Canada.

CIBC is a Joint Lead and Joint Bookrunner on this transaction.

****INDICATIVE DEAL TERMS****

Offering Type: CAD Private
Offered Certificates: Senior Notes
Rating Agencies: DBRS/Moody's (presale reports will be available via Rating Agency websites)

Class Note	Balance	Term*	Subordination	DBRS/Moody's**	Benchmark
Senior Notes	C$●	20	49.00%	AAA(sf)/Aa2(sf)	GOC+
Subordinated Notes	C$●	20	10.00%	AA(sf)/Aa2(sf)	Placed with OPG
Junior Subordinated Notes	C$●	20	0.00%	A(sf)/Aa2(sf)	Placed with OPG

* Years
** Expected Credit Ratings

Expected Pricing: Week of April 16, 2018
Expected Settlement: Week of April 23, 2018

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

Previous Issue: FHT last accessed the Canadian Debt Capital Markets in February 2018 with a 15.25 year $500 million 3.357% Senior Notes offering due May 15, 2033.

Regards,
Scott
Scott Burrows | Managing Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto, ON, M5J 2S8| Tel: 416 956-3049| Cell: 416 786-4369 | Fax: 416 594-7760 |
scott.burrows@cibc.com

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From: Ronald Kwan
To: John Kim
Subject: FW: EXTERNAL – **BOOKS OPEN** FAIR HYDRO TRUST
Date: Thursday, April 19, 2018 9:39:34 AM

FYI

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: April-19-18 09:27
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: FW: EXTERNAL – **BOOKS OPEN** FAIR HYDRO TRUST

FYI
Book has been opened.

From: Burrows, Scott - Debt Capital Markets [mailto:Scott.Burrows@cibc.com]
Sent: Thursday, April 19, 2018 9:24 AM
To: Burrows, Scott - Debt Capital Markets <Scott.Burrows@cibc.com>
Subject: EXTERNAL – **BOOKS OPEN** FAIR HYDRO TRUST

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Books are now open for the previously announced 2018-2 **Fair Hydro Trust** debt offering. The offering consists of a minimum $300 million of senior notes that will have room to grow, with an expected term to maturity of 20 years. Spread guidance has been set at +110 bps (+/-3 bps) vs. the GoC curve.

Pricing is expected later today. CIBC is Joint Lead, Joint Bookrunner and Structuring Lead on this transaction.

Details of today's launch are as follows:

****BOOKS OPEN** FAIR HYDRO TRUST**

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	●% Senior Notes due May 15, 2038, Series 2018-2 (the "Series 2018-2 Senior Notes").
Expected Credit Ratings:	DBRS: AAA(sf) Moody's: Aa2(sf)
Principal Amount:	Minimum $300,000,000
Initial % of Aggregate Notes:	51%
Launch Date:	April 19, 2018
Pricing Date:	April 19, 2018
Settlement Date:	April 24, 2018 (T+3)
Term:	20 years
Expected Maturity Date:	May 15, 2038
Principal Payment Default Date:	May 15, 2040
Par Call Date:	November 15, 2037
Interest Rate:	●% per annum
Issue Spread:	+110 bps (+/-3 bps) versus Government of Canada curve interpolated between CAN 5% due June 1, 2037 and CAN 4% due June 1, 2041 +● bps (including a ● bps curve adjustment and +● bps delay adjustment), versus the CAN 5% due June 1, 2037 (priced at $● to yield ●%)
Issue Yield:	●%
Issue Price:	$● per $1,000 principal amount of Series 2018-2 Senior Notes.

Interest Payment Dates:	May 15 and November 15 or next business day
Use of Proceeds:	The proceeds from the Series 2018-2 Senior Notes Offering will be used to refinance $● of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement.
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-2 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.

Regards,
Scott
Scott Burrows | Managing Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto, ON, M5J 2S8| Tel: 416 956-3049| Cell: 416 786-4369 | Fax: 416 594-7760 |
scott.burrows@cibc.com

From: Burrows, Scott - Debt Capital Markets
Sent: Wednesday, April 18, 2018 2:13 PM
To: Burrows, Scott - Debt Capital Markets
Subject: **ANNOUNCED** FAIR HYDRO TRUST

CIBC World Markets, Goldman Sachs, and RBC Capital Markets are pleased to announce the 2018-2 debt offering for **Fair Hydro Trust ("FHT" or the "Issuer")**. The proposed senior notes will be offered by way of private placement in Canada.

CIBC is a Joint Lead and Joint Bookrunner on this transaction.

****INDICATIVE DEAL TERMS****

Offering Type: CAD Private
Offered Certificates: Senior Notes
Rating Agencies: DBRS/Moody's (presale reports will be available via Rating Agency websites)

Class Note	Balance	Term*	Subordination	DBRS/Moody's**	Benchmark
Senior Notes	C$●	20	49.00%	AAA(sf)/Aa2(sf)	GOC+
Subordinated Notes	C$●	20	10.00%	AA(sf)/Aa2(sf)	Placed with OPG
Junior Subordinated Notes	C$●	20	0.00%	A(sf)/Aa2(sf)	Placed with OPG

* Years
** Expected Credit Ratings

Expected Pricing: Week of April 16, 2018
Expected Settlement: Week of April 23, 2018

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

Previous Issue: FHT last accessed the Canadian Debt Capital Markets in February 2018 with a 15.25 year $500 million 3.357% Senior Notes offering due May 15, 2033.

Regards,
Scott
Scott Burrows | Managing Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto, ON, M5J 2S8| Tel: 416 956-3049| Cell: 416 786-4369 | Fax: 416 594-7760 |
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From:	Ronald Kwan
To:	John Kim
Subject:	FW: FHP Closing Documents
Date:	Friday, February 02, 2018 9:22:04 AM
Attachments:	1. Fair Hydro Closing Agenda.pdf

Hi John,

Particular ones you'd like to review, sooner rather than later?

Ron

From: Anna Strathy
Sent: February-02-18 09:11
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FHP Closing Documents

Good morning,

Closing documents for the Change of Law Process Agreement have been received from Torys on USB. I've confirmed with Malle that no action is required – these documents are for our review/future reference.

There are about 110 documents included on the USB, which Greg has uploaded to a temporary file on my hard drive. I'm attaching the "table of contents" that was included on the USB so that you may review and let me know if there's anything in particular you'd like to review immediately. In the meantime, I will set up a shared folder so that everyone here can access and review the files at their leisure.

Where might be the best place to save these files permanently? With Documentation? Or Risk?

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

FAIR HYDRO TRUST

WAREHOUSE FACILITY

CLOSING AGENDA

DATE:	Warehouse Pre-Closing:	December 20, 2017
	Warehouse Closing:	December 21, 2017
PLACE:	Torys LLP 79 Wellington St. West 33rd Floor Toronto, ON M5K 1N2	
PARTIES:		
Issuer:	Fair Hydro Trust ("**Issuer**")	
	Represented by:	Manager
Issuer Trustee:	Computershare Trust Company of Canada ("**Issuer Trustee**")	
	Represented by:	Mircho Mirchev
Manager:	Ontario Power Generation Inc. ("**OPG**")	
	Represented by:	John Lee Ken Ryfa Leslie Wong Lubna Ladak May Laureta Lapira
Indenture Trustee:	BNY Trust Company of Canada ("**Indenture Trustee**")	
	Represented by:	Geralyn Krowles Pamela Lively Ahmad Adam Eleonore Morris
Funding Agents:	Canadian Imperial Bank of Commerce ("**CIBC**")	
	Represented by:	Sunil Adalja Andrew Maciel Donnie Persaud
	Royal Bank of Canada ("**RBC**" and, together with CIBC, the "**Funding Agents**")	
	Represented by:	Ian Benaiah Brent Taylor
Non-Conduit Purchaser(s)	Goldman Sachs Bank USA ("**Goldman Sachs**")	
	Represented by:	Katrina Niehaus Brian Delaney Robbin Conner

Administrative Agent:	Royal Bank of Canada ("**Administrative Agent**") Represented by:	Ian Benaiah Brent Taylor
Transferor and Servicer:	The Independent Electricity System Operation (the "**IESO**") Represented by:	Kim Marshall Michael Boll
The Province:	Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**") Represented by:	Gadi Mayman Malle Hanslep
Issuer Counsel:	Torys LLP ("**Torys**") Represented by:	Krista Hill Michael Feldman Rima Ramchandani Nina Mansoori Yinka Olusoga Melissa Prado Brett Saulnier Mitchell Dost
Agents' Counsel:	Osler, Hoskin & Harcourt LLP ("**Osler**") Represented by:	Rocco Sebastiano Peter Milligan Rick Fullerton Michael Innes Amelia Miao Kate Royer
IESO Counsel:	Stikeman Elliott LLP ("**Stikeman**") Represented by:	Peter Hamilton Glenn Zacher
Province Counsel:	Blake, Cassels & Graydon LLP ("**Blakes**") Represented by:	Stephen Ashbourne

Defined Terms

Capitalized terms used and not otherwise defined in this closing agenda will have the meanings attributed to such terms in the FHPA and the related regulations or the Master Trust Indenture, as applicable.

"**Change of Law Process Agreement**" means the change of law process agreement between OPG and the Province dated as of December 21, 2017;

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*;

"**HW**" means Hunton & Williams LLP;

"**IESO Portal Agreement**" means the program agreement between IESO and the Issuer to allow the Issuer to access the IESO's online portal;

"**Master Trust Indenture**" means the master trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee;

"**OPG Unitholder**" means FHP2017 Inc., a wholly-owned subsidiary of OPG;

"**OPPSA**" means the *Personal Property Security Act* (Ontario);

"**Series 2017-1 Junior Subordinated Notes (Warehouse)**" means C$156,862,745.10 aggregate principal amount of Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1;

"**Series 2017-1 Senior Notes (Warehouse)**" means C$800,000,000 aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1;

"**Series 2017-1 Subordinated Notes (Warehouse)**" means C$611,764,705.88 aggregate principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1;

"**Warehouse Debt Engagement Letter**" means the engagement letter between the Issuer, OPG and the Agents in respect of the Series 2017-1 Senior Notes (Warehouse);

"**Warehouse Junior Subordinated Supplemental Indenture**" means the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between, *inter alios*, the Issuer, the Indenture Trustee and OPG;

"**Warehouse Notes**" means, collectively, the Series 2017-1 Senior Notes (Warehouse), the Series 2017-1 Subordinated Notes (Warehouse) and the Series 2017-1 Junior Subordinated Notes (Warehouse);

"**Warehouse Senior Supplemental Indenture**" means the Warehouse Senior Series 2017-1 Supplemental Indenture between, *inter alios*, the Issuer, the Indenture Trustee and the Administrative Agent; and

"**Warehouse Subordinated Supplemental Indenture**" means the Warehouse Subordinated Series 2017-1 Supplemental Indenture between, *inter alios*, the Issuer, the Indenture Trustee and OPG.

Pre-Closing

All deliveries called for below shall be made at the Warehouse Pre-Closing to be held at 1 p.m. on December 20, 2017 at the offices of Torys.

Escrow Agreement

The documents listed below are to be tabled and held in escrow until the parties have agreed that such documents are satisfactory and that all acts to be performed at the Warehouse Closing have been satisfactorily performed. When all of the parties are satisfied with the documentation, each of the parties will indicate its agreement that the escrow be terminated, whereupon each of the documents so tabled will be released from escrow to the party or parties entitled thereto and the Warehouse Closing will terminate.

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
I.	**PROGRAM DELIVERABLES**			
A.	**Legislation, Regulations and Related Deliverables**			
1.	FHPA	Province	-	Complete
2.	Regulations under the FHPA (the "**Regulations**")	Province	-	Complete
3.	Letter from Minister of Energy to Financial Services Manager regarding Fair Allocation Amount pursuant to section 20(4) of the FHPA	Province	-	Complete
4.	Letter from OPG to the Minister of Energy enclosing the Financing Plan and providing notice of Initial Protection Agreement Maximum (as defined in the Change of Law Process Agreement)	OPG	-	Complete
B.	**Preliminary Matters**			
5.	Incorporation and formation of the OPG Unitholder	OPG	-	Complete
6.	Indenture Trustee to open the following accounts in its name with an Eligible Institution: (a) Collection Account (b) Principal Accumulation Account (c) Interest Accumulation Account (d) Program Cash Reserve Account (e) Refinancing Account (f) IESO Cash Reserve Account	OPG	-	Complete
7.	Delivery by the Issuer to the Indenture Trustee of any agreements creating Obligations Secured (other than Issuer Funding Obligations) per section 5.03(a) of the Master Trust Indenture	OPG	-	N/A
8.	Confirm that all agreements delivered in item 7 above contain the language required per section 5.03(c) of the Master Trust Indenture	OPG	-	N/A
9.	KYC for Indenture Trustee	OPG	-	Complete
10.	KYC for Issuer Trustee	OPG	-	Complete
11.	Articles of amendment of OPG (to create Class A shares issuable to the Province under the Master Share Subscription Agreement)	OPG	☒ OPG	Complete
C.	**Establishment of Trust**			
12.	Declaration of Trust	Torys	☒ Issuer Trustee	Complete

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
13.	Issuer Trustee contributes $10.00 as trust property	Issuer Trustee	-	Complete
14.	Subscription by FHP2017 Inc. for 1,000,000 units of the Trust	Torys	☒ FHP2017 Inc.	Complete
15.	Subscription by Indenture Trustee for 1 unit of the Trust	Torys	☒ Indenture Trustee	Complete
16.	Issuance of units of the Issuer to FHP2017 Inc. (1,000,000 units) and to Indenture Trustee (1 unit)	OPG	-	Complete
17.	Receipt from FHP2017 Inc. for 1,000,000 units of the Trust	FHP2017 Inc.	☒ FHP2017 Inc.	Complete
18.	Receipt from BNY to the Trust for the unit certificate representing 1 unit of the Trust	Torys	☒ Indenture Trustee	Complete
19.	Payment by OPG of $10,000.01 to the Collection Account (representing the subscription price for the units referred to in items 14 and 15)	OPG	-	Complete
D.	**Program Agreements and Agreements Ancillary Thereto**			
20.	Management Agreement (a) Exhibit A – Form of Annual Compliance Certificate (b) Exhibit B – Form of Monthly Portfolio Report	Torys / Osler	☒ Issuer ☒ OPG	Complete
21.	OPG Indemnity Agreement in favour of Indenture Trustee	Torys	☒ OPG	Complete
22.	Master Trust Indenture (a) Exhibit 1 – Form of Payment Instructions (b) Exhibit 2 – Form of Refinancing Notice (c) Exhibit 3 – Form of Specified Creditor List (d) Exhibit 4 – Form of Request for Specified Credit Information (e) Exhibit 5 – Form of Cancellation Notice	Torys / Osler	☒ Issuer ☒ Indenture Trustee	Complete
23.	Master Transfer and Servicing Agreement (a) Exhibit A – Form of Transfer Notice (b) Exhibit B – Form of Monthly Carrying Costs Statement	Torys / Osler / Stikeman	☒ Issuer ☒ IESO	Complete
24.	IESO Indemnity Agreement in favour of Indenture Trustee	Torys / Osler / Stikeman	☒ IESO ☒ Indenture Trustee	Complete
25.	IESO Security Agreement	Torys / Osler / Stikeman	☒ Issuer ☒ IESO	Complete

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
26.	Change of Law Protection Agreement	Torys / Osler / Blakes	☒ Province ☒ OPG ☒ Issuer ☒ Indenture Trustee	Complete
27.	Change of Law Process Agreement	Torys / Osler / Blakes	☒ Province ☒ OPG	Complete
28.	IESO Portal Agreement	Torys / Stikeman	☒ Issuer ☒ IESO	Complete
29.	Specified Creditor List	OPG	-	N/A
30.	Incumbency certificate of the Manager in favour of the Indenture Trustee	OPG	☒ OPG	Complete
E.	**OPPSA Registrations**			
31.	OPPSA Verification Statement regarding security interest against IESO in favour of Issuer	Torys	-	Complete
32.	OPPSA Verification Statement regarding security interest against Issuer in favour of Indenture Trustee	Torys	-	Complete
F.	**Searches**			
33.	Bank Act, Execution, Insolvency and OPPSA searches against the Issuer	Torys	-	Complete
34.	Bank Act, Execution, Insolvency and OPPSA searches against IESO	Torys	-	Complete

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
II.	**WAREHOUSE FUNDING**			
A.	**Series 2017-1 Senior Notes (Warehouse)**			
	Debt Documents			
35.	Warehouse Debt Engagement Letter	OPG / Agents	☒ OPG ☒ Agents	Complete
36.	Warehouse Senior Supplemental Indenture	Torys / Osler	☒ Issuer ☒ Indenture Trustee ☒ Administrative Agent	Complete
37.	Fee Letter for Series 2017-1 Senior Notes (Warehouse)	Osler	☒ OPG	Complete
38.	Mandate Letter	Osler	☒ OPG	Complete
39.	Side letter between OPG and Goldman Sachs Bank USA and certificate in support of legal opinion	HW	☒ OPG	Complete
40.	Letter from DBRS under s. 4.2(e) of the Warehouse Senior Supplemental Indenture	Torys	☒ DBRS	Complete
41.	Letter from Moody's under s. 4.2(e) of the Warehouse Senior Supplemental Indenture	Torys	☒ Moody's	Complete
42.	Notice to the Indenture Trustee, DBRS and Moody's re: incurrence of Funding Obligations per section 5.01(a) of the Master Trust Indenture	Torys	☒ Issuer	Complete (See items 68 & 90)
43.	Initial Purchase Notice to the Administrative Agent per section 3.3(a)(i**)** of the Warehouse Senior Supplemental Indenture	Osler	☒ Issuer	Complete
	Change of Law Certificates			
44.	Certificate of the CFO and Treasurer of OPG per section 4.02 of the Change of Law Protection Agreement and section 5.01(e) of the Master Trust Indenture	Torys	☒ Issuer	Complete (See items 70 & 92)
45.	Process Certificate of OPG per section 3.01 of the Change of Law Process Agreement to be delivered no more than five business days prior to the incurrence of debt	Torys	☒ OPG	Complete (See items 71 & 93)

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
	Officer's Certificates			
	Issuer and OPG			
46.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, per section 4.1(c)(i) of the Warehouse Senior Supplemental Indenture	Torys	☒ Issuer	Complete
47.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, per section 4.1(c)(vii) of the Warehouse Senior Supplemental Indenture	Torys	☒ Issuer	Complete
48.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, per sections 5.01(b),(c),(g),(i),(j) and (k) of the Master Trust Indenture	Torys	☒ Issuer	Complete (See items 73 & 95)
49.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, as to certain factual matters and having attached/certified the names, offices and the specimen signatures of the persons signing the Warehouse Notes and the Program Agreements to which it is a party	Torys	☒ OPG	Complete (See items 74 & 96)
50.	Certificate of an officer of OPG as to certain factual matters and having attached/certified: (a) the articles and by-laws of OPG; (b) resolutions of the board of directors of OPG authorizing the execution of the Program Agreements; and (c) the names, offices and the specimen signatures of the persons signing the Program Agreements to which it is a party	Torys	☒ OPG	Complete (See items 75 & 97)
51.	Certificate of Status of OPG	Torys	-	Complete (See items 76 & 98)
	Indenture Trustee			
52.	Certified copies of by-laws and resolutions of the Indenture Trustee with respect to signing and certifying authority, together with specimen signatures	Indenture Trustee	☒ Indenture Trustee	Complete (See items 77 & 99)
53.	Certificate of Confirmation issued by the Office of the Superintendent of Financial Institutions (Canada) with respect to the Indenture Trustee	Torys	-	Complete (See items 78 & 100)
	Issuer Trustee			

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
54.	Certified copies of incorporating documents, by-laws and resolutions of the Issuer Trustee with respect to signing and certifying authority, together with specimen signatures	Torys	☒ Issuer Trustee	Complete (See items 79 & 101)
55.	Certificate of an officer of the Issuer Trustee, in its capacity as trustee of the Issuer, as to certain factual matters	Torys	☒ Issuer Trustee	Complete (See items 80 & 102)
56.	Certificate of Status of the Issuer Trustee	Torys		Complete
57.	Certificate of Confirmation issued by the Office of the Superintendent of Financial Institutions (Canada) with respect to the Issuer Trustee	Torys	-	Complete (See items 81 & 103)
	IESO			
58.	Certificate of an officer of IESO as to certain factual matters and having attached: (a) the by-laws of IESO; (b) resolutions of the board of directors of IESO authorizing the execution of the Program Agreements to which it is a party; and (c) the names, offices and the specimen signatures of the persons signing the Program Agreements to which it is a party	IESO / Stikeman / Torys	☒ IESO	Complete (See items 82, 104 & 114)
	Opinions			
59.	Opinion of Torys in respect of each of the Issuer and OPG regarding (a) non-consolidation and (b) the Program Agreements to which the Issuer is a party and the delivery of the Series 2017-1 Senior Notes (Warehouse) pursuant to the Warehouse Senior Supplemental Indenture	Torys	☒ Torys	Complete (See items 83 & 105)
60.	Opinion of HW	HW	☒ HW	Complete
61.	Opinion of Stikeman in respect of the Master Transfer and Servicing Agreement, MTSA Acknowledgement, IESO Security Agreement and the Investment Asset pursuant to the Warehouse Senior Supplemental Indenture	Stikeman	☒ Stikeman	Complete (See items 84& 106)
62.	Opinion of Blakes in respect of the FHPA, Change of Law Protection Agreement and Change of Law Process Agreement and pursuant to the Warehouse Senior Supplemental Indenture	Blakes	☒ Blakes	Complete (See items 85 & 107)

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
	Delivery of Series 2017-1 Senior Notes (Warehouse)			
63.	Issuer Certificate to the Indenture Trustee regarding certification and delivery of the Series 2017-1 Senior Notes (Warehouse)	Torys	☒ Issuer	Complete (See items 86 & 108)
64.	Certificate(s) representing the Series 2017-1 Senior Notes (Warehouse) registered in the name of: (a) Canadian Imperial Bank of Commerce (b) Royal Bank of Canada (c) Goldman Sachs Bank USA	Osler	☒ Issuer ☒ Indenture Trustee	Complete
65.	Receipt of Osler to Torys for the certificates in item 64	Torys	☒ Osler	Complete
66.	Receipt of Administrative Agent for the certificates in item 64	Osler	☒ Administrative Agent	Complete
B.	**Series 2017-1 Subordinated Notes (Warehouse)**			
	Debt Documents			
67.	Warehouse Subordinated Supplemental Indenture	Torys / Osler	☒ Issuer ☒ Indenture Trustee ☒ OPG	Complete
68.	Notice to the Indenture Trustee, DBRS and Moody's re: incurrence of Funding Obligations per section 5.01(a) of the Master Trust Indenture	Torys	☒ Issuer	See item 42
69.	Initial Purchase Notice to OPG per section 3.3(a)(i) of the Warehouse Subordinated Supplemental Indenture	Osler	☒ Issuer	Complete
	Change of Law Certificates			
70.	Certificate of the CFO and Treasurer pursuant to section 4.02 of the Change of Law Protection Agreement and section 5.01(e) of the Master Trust Indenture	Torys	☒ OPG	See item 44
71.	Process Certificate of OPG pursuant to section 3.01 of the Change of Law Process Agreement to be delivered no more than five business days prior to the incurrence of debt.	Torys	☒ OPG	See item 45
	Officer's Certificates			
	Issuer and OPG			
72.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, per section 4.1(c)(vii) of the Warehouse Subordinated Supplemental Indenture	Torys	☒ OPG	Complete (See item 94)

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
73.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, per sections 5.01(b),(c),(g), (i),(j) and (k) of the Master Trust Indenture	Torys	☒ OPG	See item 48
74.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, as to certain factual matters and having attached/certified the names, offices and the specimen signatures of the persons signing the Warehouse Notes and the Program Agreements to which it is a party	Torys	☒ OPG	See item 49
75.	Certificate of an officer of OPG as to certain factual matters and having attached: (a) the articles and by-laws of OPG; (b) resolutions of the board of directors of OPG authorizing the execution of the Program Agreements to which it is a party; and (c) the names, offices and the specimen signatures of the persons signing the Program Agreements to which it is a party	Torys	☒ OPG	See item 50
76.	Certificate of Status of OPG	Torys	-	See item 51
	Indenture Trustee			
77.	Certified copies of by-laws and resolutions of the Indenture Trustee with respect to signing and certifying authority, together with specimen signatures	Indenture Trustee	☒ Indenture Trustee	See item 52
78.	Certificate of Confirmation issued by the Office of the Superintendent of Financial Institutions (Canada) with respect to the Indenture Trustee	Torys	-	See item 53
	Issuer Trustee			
79.	Certified copies of incorporating documents, by-laws and resolutions of the Issuer Trustee with respect to signing and certifying authority, together with specimen signatures	Torys	☒ Issuer Trustee	See item 54
80.	Certificate of an officer of the Issuer Trustee, in its capacity as trustee of the issuer, as to certain factual matters	Torys	☒ Issuer Trustee	See item 55
81.	Certificate of Confirmation issued by the Office of the Superintendent of Financial Institutions (Canada) with respect to the Issuer Trustee	Torys	-	See item 57
	IESO			

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
82.	Certificate of an officer of IESO as to certain factual matters and having attached: (a) the by-laws of IESO; (b) resolutions of the board of directors of IESO authorizing the execution of the Program Agreements to which it is a party; and (c) the names, offices and the specimen signatures of the persons signing the Program Agreements to which it is a party	IESO / Stikeman / Torys	☒ IESO	See item 58
	Opinions			
83.	Opinion of Torys in respect of each of the Issuer and OPG regarding (a) non-consolidation and (b) the Program Agreements to which the Issuer is a party and the delivery of the Series 2017-1 Subordinated Notes (Warehouse) pursuant to the Warehouse Subordinated Supplemental Indenture	Torys	☒ Torys	See item 59
84.	Opinion of Stikeman in respect of the Master Transfer and Servicing Agreement, MTSA Acknowledgement, IESO Security Agreement and the Investment Asset pursuant to the Warehouse Subordinated Supplemental Indenture	Stikeman	☒ Torys	See item 61
85.	Opinion of Blakes in respect of the FHPA, Change of Law Protection Agreement and Change of Law Process Agreement and pursuant to the Warehouse Subordinated Supplemental Indenture	Blakes	☒ Blakes	See items 62
	Delivery of Series 2017-1 Subordinated Notes (Warehouse)			
86.	Issuer Certificate to the Indenture Trustee regarding certification and delivery of the Series 2017-1 Subordinated Notes (Warehouse)	Torys	☒ Issuer	See item 63
87.	Certificate representing the Series 2017-1 Subordinated Notes (Warehouse) registered in the name of OPG	Torys	☒ Issuer ☒ Indenture Trustee	Complete
88.	Receipt of OPG for the certificate in item 87	Torys	☒ OPG	Complete (See item 110)
C.	**Series 2017-1 Junior Subordinated Notes (Warehouse)**			
	Debt Documents			
89.	Warehouse Junior Subordinated Supplemental Indenture	Torys / Osler	☒ Issuer ☒ Indenture Trustee ☒ OPG	Complete

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
90.	Notice to the Indenture Trustee, DBRS and Moody's re: incurrence of Funding Obligations per section 5.01(a) of the Master Trust Indenture	Torys	☒ Issuer	See item 42
91.	Initial Purchase Notice to OPG per section 3.3(a)(i) of the Warehouse Junior Subordinated Supplemental Indenture	Osler	☒ Issuer	Complete
	Change of Law Certificates			
92.	Certificate of the CFO and Treasurer of OPG per section 4.02 of the Change of Law Protection Agreement and section 5.01(e) of the Master Trust Indenture to be delivered five business days prior to the incurrence of debt	Torys	☒ OPG	See item 44
93.	Process Certificate of OPG pursuant to section 3.01 of the Change of Law Process Agreement to be delivered no more than five business days prior to the incurrence of debt	Torys	☒ OPG	See item 45
	Officer's Certificates			
	Issuer and OPG			
94.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, per section 4.1(c)(vii) of the Warehouse Junior Subordinated Supplemental Indenture	Torys	☒ OPG	See item 72
95.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, per sections 5.01(b),(c),(g), (i),(j) and (k) of the Master Trust Indenture	Torys	☒ OPG	See item 48
96.	Certificate of an officer of OPG, in its capacity as Manager of the Issuer, as to certain factual matters and having attached/certified the names, offices and the specimen signatures of the persons signing the Warehouse Notes and the Program Agreements to which it is a party	Torys	☒ OPG	See item 49
97.	Certificate of an officer of OPG as to certain factual matters and having attached: (a) the articles and by-laws of OPG; (b) resolutions of the board of directors of OPG authorizing the execution of the Program Agreements to which it is a party; and (c) the names, offices and the specimen signatures of the persons signing the Program Agreements to which it is a party	Torys	☒ OPG	See item 50
98.	Certificate of Status of OPG	Torys	-	See item 51

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
	Indenture Trustee			
99.	Certified copies of by-laws and resolutions of the Indenture Trustee with respect to signing and certifying authority, together with specimen signatures	Indenture Trustee	☒ Indenture Trustee	See item 52
100.	Certificate of Confirmation issued by the Office of the Superintendent of Financial Institutions (Canada) with respect to the Indenture Trustee	Torys	-	See item 53
	Issuer Trustee			
101.	Certified copies of incorporating documents, by-laws and resolutions of the Issuer Trustee with respect to signing and certifying authority, together with specimen signatures	Torys	☒ Issuer Trustee	See item 54
102.	Certificate of an officer of the Issuer Trustee, in its capacity as trustee of the issuer, as to certain factual matters	Torys	☒ Issuer Trustee	See item 55
103.	Certificate of Confirmation issued by the Office of the Superintendent of Financial Institutions (Canada) with respect to the Issuer Trustee	Torys	-	See item 57
	IESO			
104.	Certificate of an officer of IESO as to certain factual matters and having attached: (a) the by-laws of IESO; (b) resolutions of the board of directors of IESO authorizing the execution of the Program Agreements to which it is a party; and (c) the names, offices and the specimen signatures of the persons signing the Program Agreements to which it is a party	IESO / Stikeman	☒ IESO	See item 58
	Opinions			
105.	Opinion of Torys in respect of each of the Issuer and OPG regarding (a) non-consolidation and (b) the Program Agreements to which the Issuer is a party and the delivery of the Series 2017-1 Junior Subordinated Notes (Warehouse) pursuant to the Warehouse Junior Subordinated Supplemental Indenture	Torys	☒ Torys	See item 59
106.	Opinion of Stikeman in respect of the Master Transfer and Servicing Agreement, MTSA Acknowledgement, IESO Security Agreement and the Investment Asset pursuant to the Warehouse Junior Subordinated Supplemental Indenture	Stikeman	☒ Stikeman	See item 61

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
107.	Opinion of Blakes in respect of the FHPA, Change of Law Protection Agreement and Change of Law Process Agreement and pursuant to the Warehouse Junior Subordinated Supplemental Indenture	Blakes	☒ Blakes	See items 62
	Delivery of Series 2017-1 Junior Subordinated Notes (Warehouse)			
108.	Issuer Certificate to the Indenture Trustee regarding certification and delivery of the Series 2017-1 Junior Subordinated Notes (Warehouse)	Torys	☒ Issuer	See item 63
109.	Certificate(s) representing the Series 2017-1 Junior Subordinated Notes (Warehouse) registered in the name of OPG	Osler	☒ Issuer ☒ Indenture Trustee	Complete
110.	Receipt of OPG for the certificate in item 109	Torys	☒ OPG	See item 88
D.	**Payment of Carrying Costs and Purchase of Investment Interest**			
111.	Carrying Costs Statement	OPG	☒ OPG	Complete
112.	Transfer Notice	IESO / OPG	☒ IESO ☒ Issuer	Complete
113.	Letter from bank holding the Collection Account verifying the account number and beneficiary of the account	OPG	☒ Indenture Trustee	Complete
114.	Certificate of an officer of IESO as to certain factual matters and having attached: (a) the by-laws of IESO; (b) resolutions of the board of directors of IESO authorizing the execution of the Program Agreements to which it is a party; and (c) the names, offices and the specimen signatures of the persons signing the Program Agreements to which it is a party	IESO / Stikeman / Torys	☒ IESO	See item 58
115.	Certificate of an officer of IESO pursuant to section 2.2(b) of the Master Transfer and Servicing Agreement	Stikeman / Torys	☒ IESO	Complete
E.	**Payment Mechanics**			
116.	Wire transfer of $6,000,000, representing payment of December 2017 carrying costs from IESO to the Collection Account	IESO	-	Complete
117.	Global direction and receipt	Torys	☒ Issuer ☒ Admin Agent ☒ Funding Agent ☒ OPG ☒ IESO	Complete

NO.	DOCUMENT	RESPONSIBILITY	SIGNATORIES	STATUS
118.	Wire transfer of $117,900,000, representing payment of the proceeds of the issuance of junior subordinated warehouse notes from OPG to IESO	OPG	-	Complete
119.	Wire transfer of $459,810,000, representing payment of the proceeds of the issuance of junior subordinated warehouse notes from OPG to IESO	OPG	-	Complete
120.	Wire transfer(s) totaling $1,600,000, representing payment of the closing fees in connection with the issuance of senior warehouse notes from the Collection Account to CIBC, RBC and Goldman Sachs	BNY (Paying Agent)	-	Complete
121.	Wire transfer of $ 244,274,062.50, representing partial payment of the proceeds of the issuance of senior warehouse notes from CIBC to IESO	CIBC	-	Complete
122.	Wire transfer of $ 244,274,062.50, representing partial payment of the proceeds of the issuance of senior warehouse notes from RBC to IESO	RBC	-	Complete
123.	Wire transfer of 112,741,875, representing partial payment of the proceeds of the issuance of senior warehouse notes from Goldman Sachs to IESO	GS	-	Complete
IV.	**POST-CLOSING MATTERS**			
124.	Deliver closing book USB to Blakes and the Province and Osler and the Agents	Torys	-	Complete

From: Ronald Kwan
To: John Kim; Bruno Amara
Cc: Usman Zahid
Subject: FW: FHP Debt Issuance
Date: Tuesday, February 06, 2018 7:00:42 PM

FYI.

Ron

From: Gadi Mayman
Sent: February-06-18 18:51
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Re: FHP Debt Issuance

92 over Canada bonds, and 23 over Ontario.

Gadi

On Feb 6, 2018, at 6:17 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> What was the spread on the FHP debt issuance?
>
> Ron

Debt markets show approval for Fair Hydro Plan financing

06.02.2018 David Hains Environment and Energy,

Investors gave Ontario Power Generation a boost as they piled into bonds sold for the province's Fair Hydro Plan.

OPG issued $500 million worth of debt on Tuesday, earning a low interest rate of 3.357 per cent from markets hungry for a safe investment.

Ratings agency DBRS gave the debt security a triple-A rating, while Moody's gave slightly less than its top grade, declaring it to be Aa2.

The debt issuance came amid a roller coaster market that saw the Dow Jones fall by more than 1,000 points yesterday, its largest one-day decline in six years. But OPG, which pitched the investment to investors last week on a road show that took them to Montreal, Toronto, Winnipeg and Vancouver, decided to pull the trigger to send the debt to market.

The funds will help pay for the province's Fair Hydro Plan, which was passed by the majority Liberal government in June 2017. A large part of the plan effectively reduced short-term hydro bills by deferring some costs to future bills. A complicated security was created to finance the plan, and it came in for criticism from Ontario's auditor general for, in her analysis, adding $4 billion in costs in order to keep the proposal off of the government budget. Officials from the Treasury Board and Ministry of Energy said at the time that it was not the case, and they were being diligent about following proper procedure.

Energy Minister **Glenn Thibeault** praised the debt issuance and the government's hydro plan in a statement.

"Today’s announcement by Ontario Power Generation (OPG) regarding the successful issuance of secured debt in relation to Ontario’s Fair Hydro Plan is a positive sign that our plan is working."

The 3.357 per cent effective interest rate is a strong one for OPG, and bodes well for keeping the borrowing costs for the Fair Hydro Plan low. The rate is 15 basis points lower than Toronto Hydro, OPG noted, and more competitive than industry peers.

In a conference call, OPG said that the final interest rate was slightly better than expectations. The ministry of energy previously stated that they expect a 4.5 per cent average interest rate over the lifetime of the debt issuance for the security.

OPG plans to issue debt tranches two to three times a year to secure $300 million to $500 million worth of debt each time. Bond durations will vary, but the first issuance is 15.25 years.

A second round of financing is anticipated in the second quarter of 2018.

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From: Ronald Kwan
To: Ronald Kwan
Subject: FW: FHP Financing Plan and Execution Plan - Nov 16.docx
Date: Thursday, November 16, 2017 3:07:40 PM
Attachments: FHP Financing Plan and Execution Plan - Nov 16.docx

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-----Original Message-----
From: John Kim
Sent: November-16-17 10:47
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: FHP Financing Plan and Execution Plan - Nov 16.docx

Fyi

-----Original Message-----
From: Mike Manning
Sent: Thursday, November 16, 2017 10:27 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: FHP Financing Plan and Execution Plan - Nov 16.docx

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, November 16, 2017 9:46 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: FHP Financing Plan and Execution Plan - Nov 16.docx

Mike:

As requested, attached is the current draft of the financing plan which conforms to the regulation requirements.

John

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

FAIR HYDRO TRUST
FINANCING PLAN

[November] 2017

DRAFT

Table of Contents

A. Background 3
1. Financing Entity – Fair Hydro Trust 4
2. OPG's Duties and Responsibilities 5
3. Fair Allocation Amount and the Financing Plan 6
B. Principles and Assumptions of the Financing Plan 9
1. IESO Deferral for Future Months 9
2. Future Transfers of Portions of the IESO's Regulatory Asset 9
3. Term to Maturity of Funding Obligations 9
4. Refinancing 11
5. Cash Flow Requirements 12
6. Current Funding Options and related Terms and Conditions 12
7. Currency and Interest Rate Hedging Programs 14
8. Fair Hydro Trust Costs and Expenditures 14
9. Interest Rates 14
10. Financing Reserve and Capital Accounts 16
11. Indemnifications 17
12. Financial Services Manager's Fees 17
C. Other Considerations 18
1. Market 18
2. Application of Recovery Amounts to Funding Obligations 18
3. Risk Mitigation Strategies 20
4. Tax Minimization Strategies 20
D. Execution Plan for the Inaugural Debt Issuance 21

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A. Background

In June 2017, the Province enacted the *Ontario Fair Hydro Plan Act, 2017* (the Fair Hydro Act or the Act), to establish a framework under which the costs and benefits associated with the Government of Ontario's (the Province) clean energy initiatives are to be fairly allocated between present and future consumers of electricity under Ontario's Fair Hydro Plan (Fair Hydro Plan or FHP). The Act requires the Ontario Energy Board (OEB) to set rates that reduce average electricity bills for specified consumers by 25 percent commencing on July 1, 2017. The total bill reduction of 25 percent is comprised of an 8 percent reduction of the Provincial portion of the harmonized sales tax, with the remaining 17 percent achieved by decreasing energy rates for specified consumers paying the Regulated Price Plan rate and providing a global adjustment reduction credit for other specified consumers. The reduction in electricity bills will result in a shortfall in the Independent Electricity System Operator's (IESO) collections, which will need to be financed in order to pay the underlying global adjustment costs (GAC). The objective of the Fair Hydro Plan Program (FHP Program) is to refinance a portion of the deferred GAC over a longer period.

Under the Act, OPG is appointed as the Financial Services Manager (FSM) and is given the authority to, among other things, establish and manage one or more financing entities to raise debt financing (referred to as "funding obligations") for the purposes of the Act. The Act requires the Minister of Energy (MOE) to calculate the Fair Allocation Amount and for the FSM to incur funding obligations that, subject to refinancing, reasonably align with the Fair Allocation Amount, as adjusted by any readjustment amount.

The following attendant regulations were enacted in support of the Act:

- *Ontario Regulation 206/17 General* (General Regulation) provides details on specific requirements of the Act, in particular, the requirements for the Financing Plan.
- *Ontario Regulation 195/17 Fair Adjustment* provides details on rate reductions up to April 30, 2019 for specified consumers under the Act.
- *Ontario Regulation 196/17 Invoicing Requirements* provides details on information to be included with the invoice for specified consumers under the Act.

Under sections 21(1) and 21(2) of the Act, OPG, as FSM, has an obligation to prepare a Financing Plan in accordance with the Act and regulations, and to deliver it to the Minister of Energy. Under section 21(6) of the Act, the FSM has the right to amend the Financing Plan from time to time, without affecting any Clean Energy Adjustment that has already been determined or any funding obligations that have already been incurred before the amendment.

This Financing Plan was prepared based on the information available to, and the views of, OPG at the time this Financing Plan was prepared (or amended, as applicable). This Financing Plan also includes forward-looking information, which is subject to change. Actual outcomes and results may differ materially from what is expressed, implied or forecasted due to, but not limited to, changes in underlying assumptions relating to the Fair Allocation Amount, interest rates, investor interest, market capacity, market conditions, and credit rating assessments. References made to the "current Fair Allocation Amount" pertains to the Fair Allocation Amount received by OPG from the MOE at the end of September 2017. Terms that are capitalized and not defined herein have meanings ascribed to the same terms as in the Act or in the General Regulation. All amounts presented are in Canadian dollars.

1. Financing Entity – Fair Hydro Trust

Trustees

In **[**November**]** 2017, OPG as FSM, appointed Computershare Trust Company of Canada to act as the third party issuer trustee (Computershare or Issuer Trustee). Following its appointment, the Fair Hydro Trust (the Trust) was established as a financing entity contemplated in the Act through a declaration of trust. The Trust is structured to be bankruptcy remote from OPG. The Issuer Trustee is empowered under the declaration of trust to appoint, employ or contract with any person for the transaction of the Trust's activities. Under the Management Agreement between the Trust (by the Issuer Trustee) and OPG, the Trust appointed OPG as its agent to provide services and perform duties for the Trust in planning, implementing and administering the debt financing for the FHP Program.

In **[**November**]** 2017, OPG as FSM, appointed BNY Trust Company of Canada, as the third party indenture trustee (BNY or Indenture Trustee). The Indenture Trustee will be acting on behalf of all specified creditors, who are all persons who may have contractual claims against the Trust under the FHP Program agreements contemplated by the Master Trust Indenture (MTI) governing the debt issued by the Trust.

Unitholders

The Trust will carry on activities for the benefit of its unitholders outlined below:

Table 1: Fair Hydro Trust Unitholders

Unitholder	Number of Units Held
FHP2017 Inc., a wholly-owned subsidiary of OPG	1,000,000
BNY, as Indenture Trustee	1
Total Units Outstanding	1,000,001

Trust Capitalization Structure

The Trust will be 100 percent debt financed and the contemplated source of funding is summarized in Table 2.

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Table 2: Type and Source of Debt Funding

Tranche and Debt Type	Source of Funding	% of Total Funding Requirement
Tranche A Senior Debt	Capital Markets	51%
Tranche B Subordinated Debt	OPG via Province	39%
Tranche C Junior Subordinated Debt	OPG via Province	5%
	OPG via Capital Markets	5%

The Trust will issue senior debt in the capital markets to finance 51 percent of the total funding requirement related to the deferred GAC (Tranche A). The financing platform was developed to allow the Trust access to both the Canadian and United States (US) markets in order to optimize pricing, provide flexibility, and market capacity. Further details on the types of financing that can be utilized are outlined under the heading *Current Funding Options*.

Through periodic equity injections in OPG, the Province is expected to provide 44 percent of the total funding requirement throughout the duration of the FHP Program. OPG will invest the proceeds from the equity injections into the Trust, with 39 percent in Tranche B as subordinated debt and five percent in Tranche C as junior subordinated debt.

OPG will invest the remaining five percent of the total funding requirement in Tranche C as junior subordinated debt, using internally generated funds or proceeds raised from debt issuances from the public markets.

2. OPG's Duties and Responsibilities

Financial Services Manager under the Act

OPG, as FSM, will perform its duties and responsibilities under the Act and its attendant regulations. These include, but are not limited to, the following:

- Establish one or more financing entities to incur funding obligations for the FHP Program
- Prepare a written Financing Plan to be used by OPG to evaluate the incurrence of funding obligations to acquire and finance a portion of the GAC deferral
- Ensure that funding obligations are incurred in a manner that is consistent with the Financing Plan
- Forecast the cash flow requirements of the financing entities
- Determine the monthly Clean Energy Adjustment for a particular ~~r~~Reference ~~p~~Period
- Administer the Investment Asset on behalf of the financing entities
- Establish and charge fees to the financing entities to recover costs and expenditures and to earn a return
- Seek the best terms available at the time of incurrence of a funding obligation, having regard to other financing transactions of similar size and type

- Apply debt proceeds to purchase an Investment Interest or repay or redeem outstanding debt
- Consider the interests of specified consumers with respect to stable and predictable electricity rates
- Deal with related parties on arm's length terms
- Fulfil various reporting requirements to stakeholders

Manager under the Management Agreement

OPG has also entered into a management agreement with the Issuer Trustee, on behalf of the Trust, whereby all of the powers and duties of managing the Trust have been delegated to OPG as the manager. The duties and responsibilities associated with this role includes:

- Determining whether to incur funding obligations to acquire an Investment Interest or to refinance existing funding obligations;
- Negotiating and entering into program agreements;
- Maintaining accounts and banking records;
- Preparing any offering documents furnished by the Trust to prospective purchasers of funding obligations; and
- Preparing financial statements and tax filings on behalf of the Trust.

OPG's entitlement to fees, as FSM, is subject to the payment priorities outlined in the MTI and summarized in Section C, *Application of Recovery Amounts to Funding Obligations,* Figure 5. The FSM is not entitled to resign from its duties or terminate the management agreement as long as funding obligations remain outstanding. OPG may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the MTI.

3. Fair Allocation Amount and the Financing Plan

The Fair Allocation Amount, including the readjustment amount, is an amount calculated under the Act and the regulations by the MOE for every ~~r~~Reference Pp~~p~~eriod over the term of the FHP Program. It is intended to allocate the estimated Clean Energy Costs and Clean Energy Benefits fairly among specified consumers.

The FSM is required to prepare a Financing Plan under the Act to evaluate whether funding obligations should be incurred by the Trust. OPG is to have regard to certain prescribed principles (outlined in detail in Section B below), including that funding obligations should be incurred so that the estimated Finance Amount that would become due and payable during a ~~r~~Reference ~~p~~Period will, subject to refinancing, reasonably align with the Fair Allocation Amount determined in respect of such ~~r~~Reference Pp~~p~~eriod, as adjusted by a readjustment amount where applicable. In other words, the Financing Plan should contemplate the issuance of funding obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by specified consumers to ensure that they are bearing their fair share of the costs of providing Clean Energy benefits. The Act also provides that each funding obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Figures 1 and 2 illustrate the FHP Program's financing profile over the next 30-year period.

Figure 1: Fair Hydro Trust Debt Balance

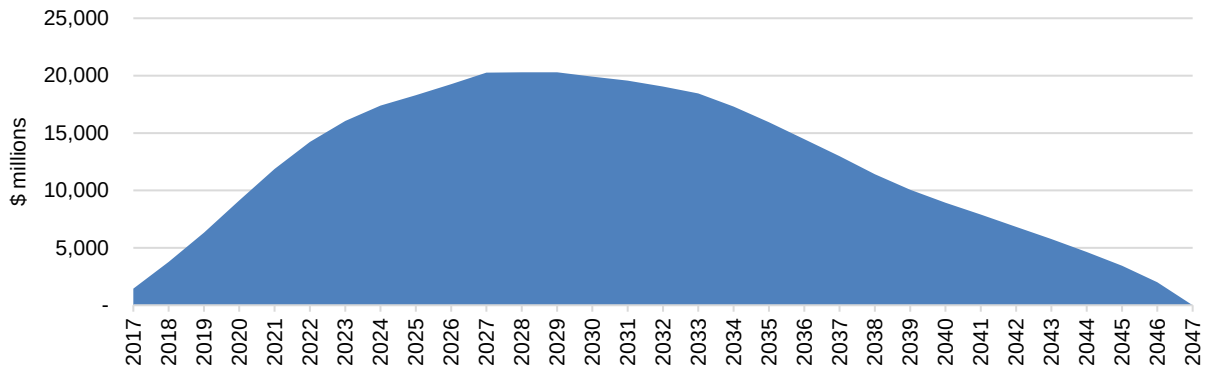

Figure 2: Fair Hydro Trust Borrowing and Repayment Profile

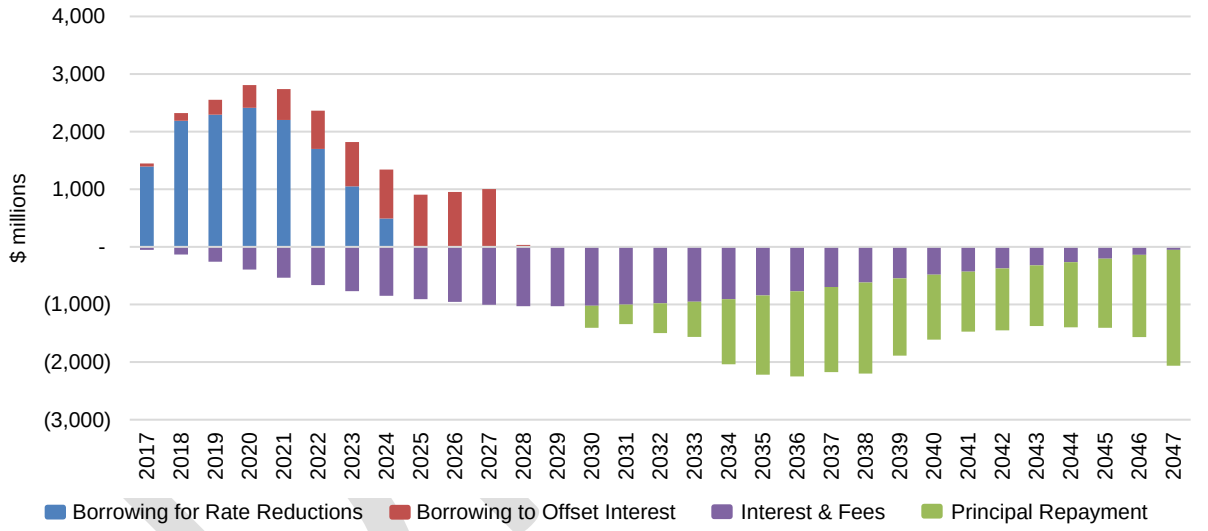

The Fair Allocation Amount is a net amount, either positive or negative, equal to the difference between the following:

1) estimated costs of clean energy initiatives without adjustment; and
2) a re-profiling of the costs in item 1) plus:
    a. the estimated operating and financing costs of the FHP Program, and
    b. the repayment of the readjustment amount.

A negative Fair Allocation Amount in any ~~r~~Reference P~~p~~eriod generally represents a period of borrowing, and a positive Fair Allocation Amount generally represents a period of principal repayment.

In a ~~r~~Reference ~~p~~Period when the Fair Allocation Amount is negative, the operating and financing costs of the FHP Program are shown in the Fair Allocation Amount calculation as an

increase in the debt of the FHP Program. This treatment is equivalent to increasing the amount of the deferred GAC by providing specified consumers with a higher rate reduction. The repayment of the related debt is included in the Fair Allocation Amount calculation to establish that all debt will be repaid by the end of the FHP Program. During these periods, operating and financing costs of the FHP Program are considered to align with the Fair Allocation Amount as long as these costs do not exceed the corresponding components in the Fair Allocation Amount calculation in any ~~r~~Reference ~~p~~Period by more than +/- 15 percent. If these costs exceed the corresponding components of the Fair Allocation Amount by more than +/- 15 percent, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount. Variability in costs is expected throughout the FHP Program as the Fair Allocation Amount was calculated on a forecast basis. Accordingly, any variability that is less than +/-
15 percent is deemed to be within an acceptable range.

Assessment for Reasonable Alignment

The Act stipulates that the Financing Plan must reasonably align with Fair Allocation Amount. This requirement is expected to be achieved through the consistent application of the following methodology, guidelines, and steps throughout the term of the FHP Program:

- Maintain a financial model that captures the funding obligations requirements of the Trust. Translate the funding requirements into expected cash flows by determining the related interest amounts, reserve requirements, fees, principal repayment, and the Trust's operating costs. This exercise will be performed for each ~~r~~Reference ~~p~~Period over the term of the program.
- Determine and assess the following:
    - For ~~r~~Reference ~~p~~Periods when the Fair Allocation Amount is negative, determine whether the forecast cash flow requirements is less than or equal to the financing and operating costs reflected in the Fair Allocation Amount as additional debt of the Trust. If the forecast cash flow requirements exceed the addition to the debt in the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
    - For ~~r~~Reference ~~p~~Periods when the Fair Allocation Amount is positive, determine whether the forecast cash flow requirements is less than or equal to the Fair Allocation Amount. If the forecast cash flow requirements exceed the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
- Due to the timing of the collection of cash flows, the General Regulation contemplates the use of reserve accounts. Provisions for reserves are excluded from the reasonable alignment assessment as these amounts are required to allow the Trust to incur the funding obligations. In addition, the reserve balances will be credited to specified consumers at the end of the term through the true-up mechanism if they are not required to satisfy terms of any funding obligation agreements pursuant to the MTI. Refer to *Financing Reserve and Capital Accounts* for more information on reserve accounts.
- Utilize and apply an accrual methodology when determining costs of the program, except for debt issuance costs, principal repayments, and reserve requirements.

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The FSM will establish a methodology for assessing reasonable alignment at such time when a new Fair Allocation Amount letter is received from the MOE.

B. Principles and Assumptions of the Financing Plan

This section outlines the various principles and assumptions that guided the development of this Financing Plan in accordance with the Act and section 14 of the General Regulation. The same principles and assumptions will apply to all subsequent revisions of the Financing Plan, if required.

The FSM is required to make reasonable assumptions regarding the following matters:

1. IESO Deferral for Future Months

The FSM will base its expectation of the IESO deferrals on the most current version of the Fair Allocation Amount and readjustment amounts provided by the MOE. Actual IESO deferrals and forecasts of near term deferrals, if available, will be used to guide forecast deferrals over the next quarter.

2. Future Transfers of Portions of the IESO's Regulatory Asset

The Trust anticipates periodic purchases of Investment Assets from the IESO when the cumulative balance of its regulatory assets is large enough to be financed and when effective financing options are available to the Trust. The market capacity for both long-term and short-term debt financing will also be key elements to consider when determining the most cost efficient option.

3. Term to Maturity of Funding Obligations

Initial Debt Tranche – 2017 Borrowing

The forecast debt profile for the Trust based on the current Fair Allocation Amount received from the Province at the end of September 2017 indicates that principal repayments can commence in 2030 (see Figure 3). However, the principal repayment amount for this year is expected to be relatively small at approximately $400 million for the year or about $200 million for each six-month ~~r~~Reference ~~p~~Period. Accordingly, principal repayment of the 2017 debt tranche is expected to commence in 2032 when the cumulative principal repayment amount reaches approximately $1 billion, which indicates a minimum term for the initial debt issuance of 15 years (i.e. 2017-2032). This offering is expected to include $500 million of senior notes, which is a sizeable amount to ensure sufficient liquidity and marketability. Subsequently, principal repayment increases to approximately $1.5 billion annually or $0.75 billion for each ~~r~~Reference P~~p~~eriod by around 2035 allowing for larger single maturities.

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Figure 3: Principal Repayment Profile Based on Current Fair Allocation Amount

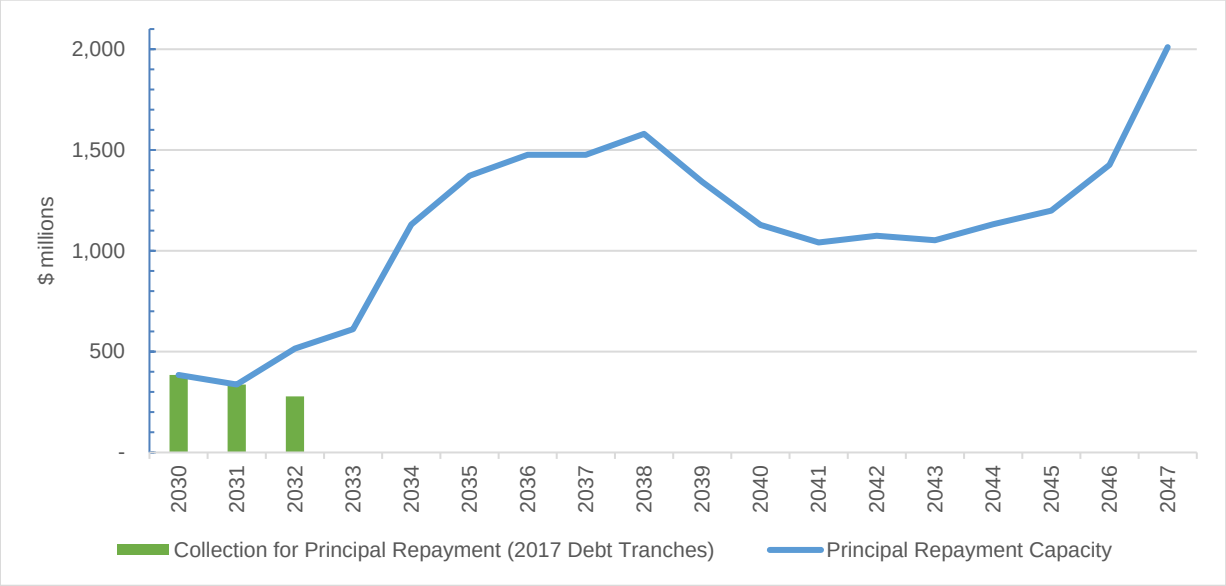

This length of term for an asset-backed security (ABS) has no ~~is un~~precedence ~~ted~~ in the Canadian market where terms are typically 10 years or less. Therefore, it is expected that a higher premium will be required to attract investors. Refer to Table 3 under the heading *Interest Rates* for the indicative current pricing range for all debt tranches, including senior debt.

For a new issuer such as the Trust offering a unique program, a strategy of issuing a 15-year term paper may not provide an optimal initial pricing given the absence of a specific credit curve for the Trust. It is expected that at program inception, the Trust will issue debt to cover both short and long-term exposures. The terms of maturities will be staggered, up to year 30, with maturities capped at the projected Fair Allocation Amount and readjustment amount, during each six-month ~~r~~Reference ~~p~~Period. In addition, consideration for a combination of characteristics established by the Fair Allocation Amount curve and investor interest will drive the term of a funding obligation.

Indicative Debt Maturities for Post-2017 Borrowings

Using the current Fair Allocation Amount, the forecast debt maturities over the life of the FHP Program was derived in Figure 4 for illustrative purposes only and is current as of the date of this Financing Plan. Actual debt maturities may differ materially from what is illustrated in Figure 4 primarily due, but not limited to, future changes in the Fair Allocation Amount.

Figure 4: Indicative Debt Maturities Using Current Fair Allocation Amount

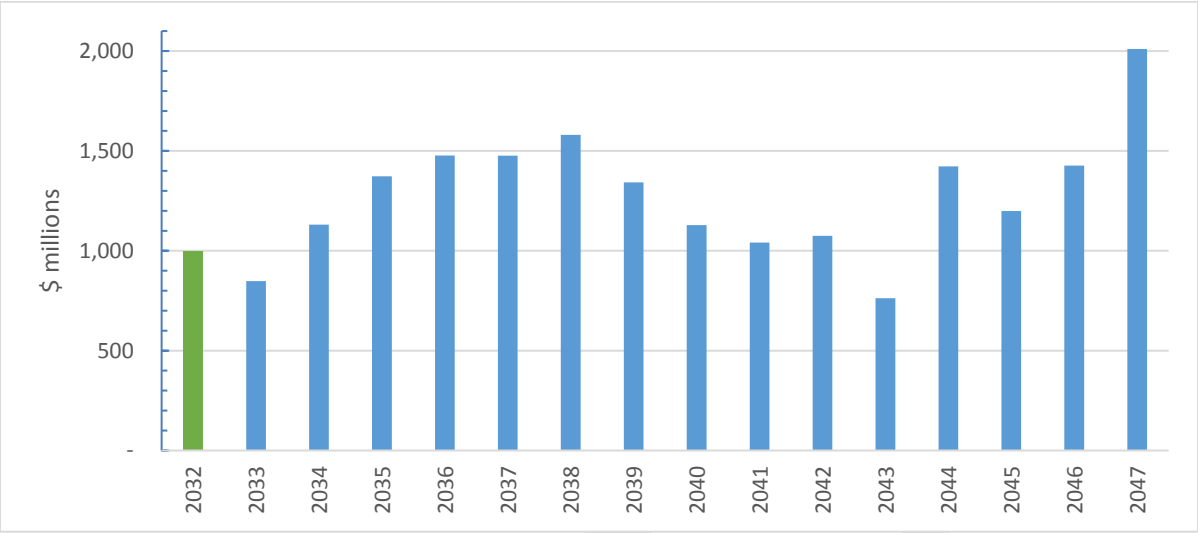

The key objective when determining the indicative debt maturities in Figure 4 is to align the annual amount of debt maturities with the principal repayment capacity under the Fair Allocation Amount curve. In years where the principal repayment capacity is less than $500 million, the debt maturities will fall in subsequent years where the cumulative maturities do not exceed the cumulative principal repayment capacity. This type of decision will be made along with other considerations such as size of each issuance to ensure liquidity (and thus, cost efficiency). As this schedule is based on the current Fair Allocation Amount curve and its underlying assumptions, a shift in the curve and/or any changes in the assumptions will result in changes to this indicative debt maturity schedule.

4. Refinancing

The MTI requires the Trust to establish and maintain a deposit account in the name of the Indenture Trustee for a refinancing account held for the benefit of the Indenture Trustee and specified creditors. All proceeds arising from notes and borrowings related to refinancing shall be deposited to this refinancing account.

Debt refinancing may occur under the following scenarios:

- When original financing is incurred, the short end of the yield curve is more cost efficient than the long end, on a relative basis;
- The Fair Allocation Amount or readjustment amount is updated; and
- In line with the provisions of the Act, no Clean Energy Adjustments will be collected from specified consumers between July 1, 2017 and April 30, 2021, except in limited circumstances. Accordingly, any debt maturities during this period will need to be refinanced.

Refinancing decisions will be guided by the Trust's ability to secure cost efficient long-term financing from investors and the maximum principal repayment profile dictated by the fair allocation curve.

5. Cash Flow Requirements

The Trust's cash flow requirements to meet its contractual obligations include, but are not limited to, the following:

- Payment of taxes, if any
- Reimbursing the FSM for costs and expenditures outlined in sections 10.2 (3) and 10.13 (3) of the General Regulation and summarized under the heading *Fair Hydro Trust Costs and Expenditures*
- Interest and fees on all outstanding borrowings
- Scheduled principal repayments
- Deposits or transfers to reserve accounts required by the MTI and summarized under the heading *Financing Reserve and Capital Accounts*
- OPG's fees as FSM as summarized under the heading *Financial Services Manager's Fees*
- Termination payments to defaulting derivative counterparties, if applicable

Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations* for the cash flow receipts' payment priority.

6. Current Funding Options and related Terms and Conditions

To achieve cost efficiencies, the following funding vehicles could be utilized in either the Canadian or US markets (except for the subordinated debt), from time to time, depending on the financing requirement, as well as market capacity and relative pricing at the time of issuance:

- **Short Term**: asset-backed commercial paper (ABCP) conduit and revolving bank lines of credit in the Canadian market
- **Medium to Long-Term**: term ABS and privately placed debt securities in either the Canadian or US markets
- **Subordinated Debt**: to be provided by OPG

<u>Syndicated Short-Term Warehousing Facility</u>

Short-term notes will be issued by the Trust to fund short-term borrowing requirements. The amount outstanding will be periodically refinanced and repaid by long-term funding from the capital markets once the cumulative amount of the Investment Asset available to be purchased is approximately $300 million to $500 million. This warehouse facility is expected to be utilized on a monthly basis to fund the Investment Asset purchases from the IESO.

The Trust has **[**secured a warehouse facility agreement with a bank syndicate comprising of CIBC, RBC, and Goldman Sachs for $800 million under a 2-year committed term, which would be primarily funded through their ABCP conduit**]**.

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Revolving Bank Lines of Credit

This type of funding option provides the Trust with a warehouse facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period. This bank funding option will be utilized when it is more cost effective than short-term notes.

Term ABS

ABS are notes that will be backed by the Trust's Investment Asset and issued under the MTI. The specific terms and conditions of each series, class or tranche of notes will be set forth in a supplemental indenture and, if applicable, a terms document authorizing that series, class or tranche.

To minimize financing costs, term ABS bullet bonds will be used rather than amortizing bonds, which require an additional premium by investors. The current intent is to issue term ABS notes in the 15 to 25 year term to fill out the yield curve based on the Fair Allocation Amount and investor demand.

Subordinated Debt

Concurrent with every issuance of senior debt by the Trust, it is expected that OPG will acquire subordinated debt in an amount not to exceed 49 percent of all outstanding debt of the Trust at any time. The subordination of OPG's debt investment plays an important credit enhancement role, which is expected to minimize the cost of senior debt tranches in the external market by garnering a higher rating through some differentiation. The subordinated debt will assume substantially all of the liquidity and deferral risk for the structure. Accordingly, the cash flow payment waterfall in Figure 5 reflects this subordination structure.

The credit rating for the subordinated debt will be dependent on the rating agency assessment and evaluation of the stress credit scenarios. It is expected that there will be a minimum of one rating category differential between each debt tranche.

The interest rate applicable to subordinated debt is expected to be the aggregate of:

- The applicable base rate, which is the relevant senior debt rate, plus
- The applicable spread, which represents the additional interest, in basis points, over the base rate that will apply to the relevant subordinated debt. This rate will be established by OPG through an annual survey of market spreads from a syndicate of banks.

The subordinated debt will maintain a minimum of one rating to allow for appropriate benchmarking/pricing. A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample. The terms of the subordinated debt will be finalized prior to the initial debt issuance.

For the short-term subordinated debt lending facility, the banking syndicate will provide OPG with short-term lending spreads for comparables on committed bank credit facilities on an annual basis (i.e. ratings based on a pricing grid). A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample.

The process will be consistent with the Subordinated Debt Pricing Protocol Agreement between the Trust and the Ontario Financing Authority.

7. Currency and Interest Rate Hedging Programs

As the FHP Program develops over time, the Trust will consider interest rate and currency swaps and other hedging instruments, as required. Refer to the Section C, *Risk Mitigation Strategies* for further details on hedging and other instruments that could be used by the Trust.

8. Fair Hydro Trust Costs and Expenditures

The costs and expenditures incurred by OPG as FSM on behalf of the Trust will be in accordance with sections 10.2 (3) and 10.13 (3) of the General Regulation as amended in November 2017.

Specifically, the costs and expenditures incurred by the FSM include, but are not limited to, the following:

1. Underwriters or selling agents for funding obligations.
2. Banking fees, including but not limited to structuring fees or work fees.
3. Fees of issuing and paying agents for funding obligations.
4. Fees of trustees.
5. Fees incurred in the preparation of financial statements, financial reports, compliance certificates and tax returns.
6. Fees of legal counsel.
7. Rating agency fees.
8. Filing or registration fees.
9. Direct costs of OPG for employees whose work consists exclusively of the provision of services to the Trust in relation to prescribed matters.
10. Costs and expenditures incurred on behalf of any financing entity in connection with OPG's duties under the Act in relation to the financing entity.
11. Costs and expenditures incurred in relation to a management agreement between OPG as FSM and any financing entity, where the agreement provides for the reimbursement of the costs and expenditures.

The costs and expenditures incurred directly by the Trust, as well as the fees of the FSM and the costs and expenditures incurred by the FSM on behalf of the Trust, are Finance Amounts that can be recovered by the Trust (as carrying costs) from the IESO until July 2021 and thereafter through Clean Energy Adjustments charged to specified consumers.

9. Interest Rates

As the FHP Program is expected to last until 2047, it is appropriate to assume that long-term debt rates are the primary components of the financing costs for the overall program. In estimating indicative interest rates for each tranche and debt type, the following key considerations and assumptions were utilized:

- The base case credit rating assumptions are as follows:
    - Target of "AAA" for Tranche A – Senior Debt,

  - "A" for Tranche B – Subordinated Debt which is dependent on the senior debt credit rating, and
  - "BBB" for Tranche C – Junior Subordinated Debt
- Using the projected Province of Ontario long bond rate of 4 percent plus a 25 basis points premium to reflect the securitization structure, the estimated indicative pricing over the life of Tranche A – Senior Debt is 4.25 percent
- For comparative purposes, the current pricing using the Province of Ontario long bond rate of 3.0 percent plus the same 25 basis points premium was included to reflect the current low interest rate environment
- A higher return on the subordinated debt is required to compensate for incremental risks assuming:
  - Rating agencies attribute a lower rating to the subordinated debt relative to the senior debt due to the lower priority in the cash flow waterfall (refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*)
  - Senior debt's rating needs to be credit enhanced to address collection and liquidity risks

To achieve cost efficiencies, the Trust was established with a tiered debt structure to achieve a higher credit rating for the senior debt and to maximize market capacity by accessing the AAA market to achieve cheaper financing costs overall. The following table summarizes the indicative pricing range by debt tranche:

Table 3: Indicative Pricing by Debt Tranche

Tranche and Debt Type	Risk Profile	Source	% of Total Funding Requirement	Rating Category Estimate	Current Pricing	Potential Rating Range	Price Based on Rating Range
Tranche A Senior Debt	Lowest Risk	Capital Market	51%	AAA	3.25%	AAA – AA	3.25% – 3.75%
Tranche B Subordinated Debt	Medium Risk	OPG via Province	39%	A	4.5%	AA – A	4.0% – 4.5%
Tranche C Junior Subordinated Debt	Highest Risk	OPG via Province	5%	BBB	5.5%	A – BBB	5.0% – 5.75%
		OPG via Capital Markets	5%				
Weighted Average					**4.0%**		**3.75% – 4.5%**

The credit range for each debt tranche will be determined by the overall credit strength of the financing structure and its resilience under various credit stress scenarios. The rating agencies' assessment of the guarantee to bondholders provided by the Change of Law Protection Agreement, discussed under the heading *Indemnifications*, is one of the major factors that will influence the final ratings of each debt tranche. In addition, in assessing credit stress, the following factors, among others, will be considered: (i) declining energy usage throughout the securitization period, (ii) forecast collections in peak months not materializing, and (iii) declining consumption equal to the largest absolute annual forecast error. The market capacity for

securitization notes is predominantly available for AAA-rated notes, limited for AA-rated notes, and not tested or developed for A-rated or lower. The pricing estimates provided in Table 3 reflect these credit and liquidity factors. Debt pricing will be finalized at the time of the initial issuance.

10. Financing Reserve and Capital Accounts

Section 5(1) of the General Regulation stipulates that the Finance Amount shall include any amounts the Trust deposits into capital or finance reserve accounts as required under the governing documents of the funding obligations (i.e. the MTI). The accounts also act as a credit enhancement feature in support of the Trust borrowings. Any unused balance in the segregated trust accounts at the end of the term will be credited to specified consumers. Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*, for the priority order of deposits into the reserve accounts.

The MTI between the Trust and the Indenture Trustee specifies the establishment and maintenance of the following key reserve accounts:

Finance Reserve Accounts

Program Cash Reserve Account

The Trust shall establish and maintain a Program Cash Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the specified creditors. Available collections not required to be paid to specified creditors at such time will be credited to a capital reserve account in accordance with the terms of any applicable funding obligation agreement. The funding obligation agreement for a series, class or tranche of funding obligations will specify whether such series, class or tranche has the benefit of a capital reserve account.

Series Finance Reserve Account

From time to time, the Trust may establish a Series Finance Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account may be established for the purpose of allowing the Trust to reserve funds to pay finance charges (including, without limitation, interest and payments under derivative agreements) for a series of issuer funding obligations. Payments of available collections shall be credited to this account, to the extent that there is a requirement for such funds, in accordance with the terms of the applicable funding obligation agreement and the MTI. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors.

Capital Reserve Account

Series Capital Reserve Account

From time to time, the Trust may establish a Series Capital Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This capital reserve account may be established for the sole purpose of allowing the Trust to accumulate funds to be used to make repayments in respect of funding obligations. Details of any period of accumulation and the

amounts to be accumulated shall be specified in the related funding obligation agreement. Payments of available collections shall be credited to this account, to the extent that there is a requirement for such funds, in accordance with the terms of the applicable funding obligation agreement and the MTI. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors.

11. Indemnifications

The following forms of indemnities are expected to be issued for the FHP Program:

Change of Law Protection Agreement **[MONITOR]**

The Change of Law Protection Agreement provides bondholders a guarantee in the event of a protection event and acts as a credit enhancement for the Trust's senior debt. The guarantee will be triggered if~~when~~:

i. the Province changes the Fair Hydro legislation/regulations or passes other legislation/regulation that materially adversely affects the ability of the Trust to service interest or principal payments on its debt, or

ii. the Act is declared invalid/unconstitutional.

Upon a protection event, the Province is required to either, at its election: (i) pay the specified claims consisting of all Finance Amounts, excluding ■ **[update],** owing by the Trust as they become due and payable, or (ii) assume the Trust's obligations as primary obligor, **[**in each case**]**, without acceleration of the specified claims.

Issuer Trustee

Each of the Issuer Trustee and its related parties will be indemnified out of the trust property from and against all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind arising out of, among other things, the declaration of trust or any other program agreement, the administration of the Trust's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, willful misconduct, bad faith or negligence.

Limited Recourse

The obligation of the Trust to pay principal and interest on the funding obligations is subject to the allocation and payment provisions in the MTI and the applicable funding obligation agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, OPG nor the Issuer Trustee in its individual capacity will be personally liable for the payment of the principal or interest on the notes or any other funding obligation, or for the Trust's covenants and agreements contained in the MTI.

12. Financial Services Manager's Fees

All fees charged by OPG to the Trust will be in accordance with the provisions of the General Regulation.

Subject to OEB approval, OPG is entitled to the following:

- For 2017, OPG will receive $3.1 million and an amount to cover up-front costs incurred between June 1 and December 31, 2017 by OPG on behalf of the Trust (e.g. legal fees, rating agency fees, trustee fees). The $3.1 million includes a $600,000 fee and $2.5 million to cover costs incurred prior to June 1, 2017. The expenses between June 1 and December 31, 2017 will also include direct costs of OPG employees who are dedicated exclusively to Fair Hydro matters.
- For January 2018 to March 2019, OPG will receive (i) a base fee equal to 7.5 basis points, divided by 12, multiplied by ~~times~~ the average monthly outstanding debt of the Trust, (ii) a variable fee that is calculated based on how the interest rate for external funding tranches for that period compare to forecast interest rates for the period (and which fee is limited to ± 2% of 5% of the total external funding tranches issued in the period), and (iii) third-party expenses and direct employee costs of dedicated Fair Hydro employees.
- For April 2019 to March 2020, and every 12 month period thereafter, OPG will make submissions to the OEB on the base fee, variable fee and expenses. The base fee will be based on comparable fees charged by full-service managers of securitization vehicles (and other similar funds). The variable fee will be calculated in the same manner noted above, but with a refresh of forecast interest rates for the relevant period. For 2019 onward, the expenses will include direct employee costs of dedicated Fair Hydro employees only if the fees of comparable managers also include such direct costs.

A written confirmation from OPG's external auditor or another external auditor is required to accompany each submission to the OEB for the recovery of expenditures incurred by OPG on behalf of the Trust. The report shall confirm the accuracy of the costs and expenditures charged to the Trust, that such amounts were incurred by OPG, and the amounts were paid to third parties (with the exception of direct employee costs).

C. Other Considerations

1. Market

The FHP Program's financing platform was developed to allow for access to both the Canadian and US markets in order to have the best pricing and flexibility options. To the extent that the Canadian market has sufficient capacity and provides cost efficiency, priority will be given to the domestic market. However, there is no precedence in the Canadian market for term ABS notes longer than 10 years, nor the size of funding required by the FHP Program. Due to this, the ability to access the US market provides the program additional financing capacity in the event that the Canadian market cannot support the financing requirement. The FSM will make its decision on which market to access on a deal-by-deal basis.

For the initial debt issuance in 2017, it is anticipated that a term ABS funding will be sourced from the Canadian market as it is expected to be more cost efficient given current market conditions.

2. Application of Recovery Amounts to Funding Obligations

The MTI outlines the payment priorities for the Trust's receipt of cash flows. Figure 5 below summarizes the significant components of the waterfall.

Figure 5: Waterfall for Fair Hydro Trust Cash Collection

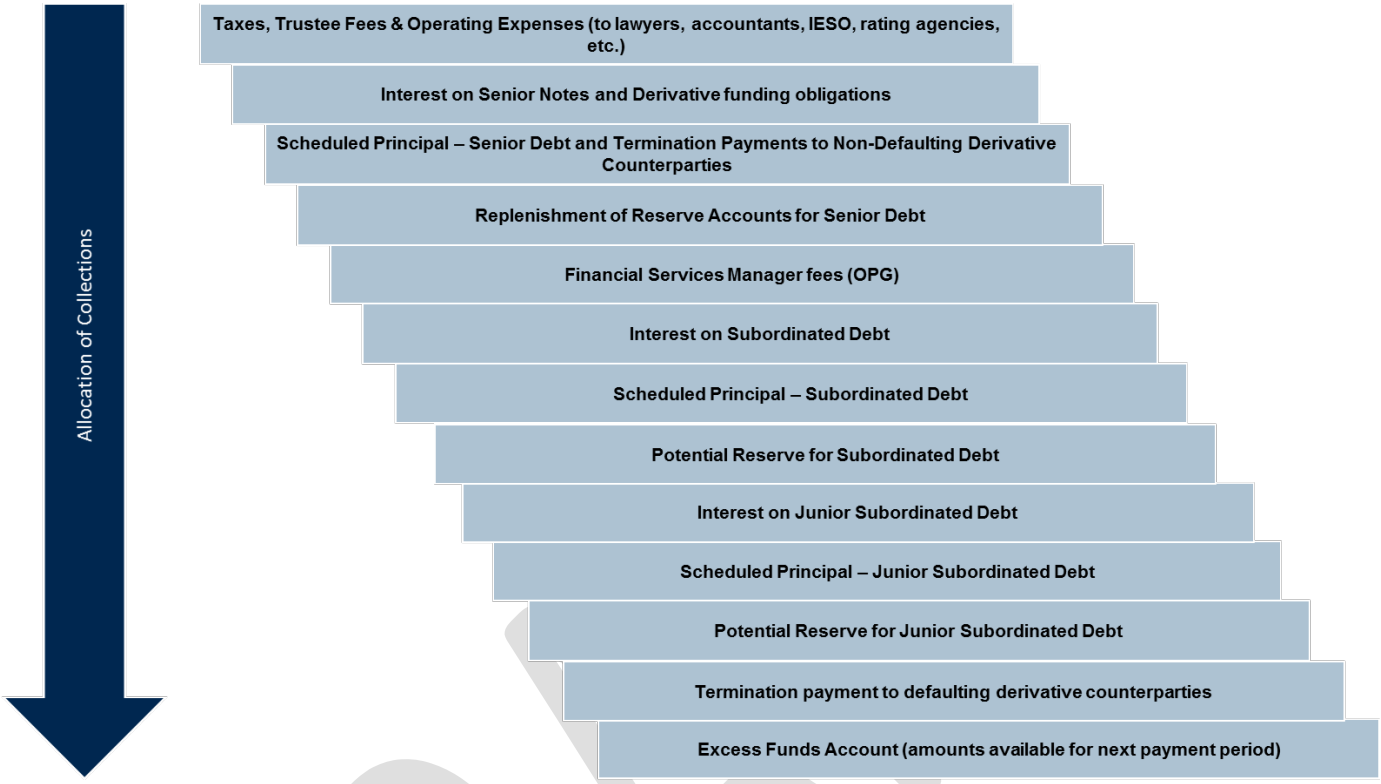

Payment Priorities

On each payment date, all amounts on deposit in the collection account will be paid out in the following order of priority:

1. to pay (A) all taxes exigible for which a governmental authority is given priority over the specified creditors under the laws of the applicable jurisdiction, and then (B) fees, expenses and reimbursements owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of ■ percent[1] of the outstanding principal amount of all funding obligations at such time;
2. to pay (A) interest, fees and other amounts owing in respect of senior debt and (B) amounts payable to derivative counterparties other than termination payments;
3. to pay (A) principal owing in respect of senior debt to the extent required to satisfy any payment of principal; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;
4. to deposit or transfer to any reserve account in respect of senior debt, the amount required pursuant to the applicable funding obligation agreement;
5. to pay fees, expenses, reimbursement and indemnity amounts owing to OPG;
6. to pay interest, fees and other amounts owing in respect of subordinated debt;

[1] To be confirmed.

7. to pay principal owing in respect of subordinated debt to the extent required to satisfy any payment of principal;
8. to deposit or transfer to any reserve account related solely to subordinated debt the amount required pursuant to the applicable funding obligation agreement;
9. to pay interest, fees and other amounts owing in respect of junior subordinated debt;
10. to pay principal owing in respect of junior subordinated debt to the extent required to satisfy any payment of principal;
11. to deposit or transfer to any reserve account related solely to junior subordinated debt the amount required pursuant to the applicable funding obligation agreement;
12. to pay termination payments owing to derivative counterparties where the derivative counterparty is the defaulting party or the sole affected party; and
13. to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all funding obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Trust.

3. Risk Mitigation Strategies

Currency Risk

If the Canadian market cannot support the financing capacity of the FHP Program in the future and/or it is less cost efficient than the US market at the time of each subsequent debt issuance, the Trust will access the US market for long term financing.

Under this scenario, hedges will be considered to mitigate currency exposure. For the initial debt issuance in 2017, it is anticipated that funding will be sourced from the Canadian market only as it is expected to be more cost efficient and there is sufficient market capacity.

Interest Rate and Refinancing Risk

The FHP Program is expected to span over a 30-year period until 2047 with various series of notes expected to be issued at various maturity dates. Given the long-term timeline of the program, it is subject to interest rate and refinancing risk.

Interest rate hedges, including bond forwards and/or forward start interest rate swaps, will be considered in the future to mitigate potential interest rate risk and/or refinancing risk in a cost-efficient manner.

4. Tax Minimization Strategies

Beneficiary – FHP2017 Inc.

The majority unitholder and beneficiary of the Trust is exempt from federal tax under section 149 of the *Income Tax Act, Canada* and from Ontario tax under section 27 of the *Ontario Taxation Act, 2007*.

The beneficiary is subject to payments in lieu of federal and provincial income taxes (PILs). In order to minimize the tax associated with the Fair Hydro Plan, an exemption from PILs payable

on income from the Trust was secured for the beneficiary **[MONITOR]**. This will result in a reduction in the income tax costs related to the Financing Plan.

Fair Hydro Trust

Trust income will be fully distributed to unitholders to ensure that there is no tax payable by the Trust.

D. Execution Plan for the Inaugural Debt Issuance

It is anticipated that the first term ABS notes will be issued in the 1st or 2nd week of December 2017 to purchase the accumulated regulatory assets from the IESO, expected to be approximately $1 billion at that time. Accordingly, the expected size of the senior debt tranche is approximately $500 million representing the 51 percent funding structure allocation from capital markets. In the event the term markets do not have sufficient capacity for the full required funding of $500 million, the warehouse facility will be utilized. OPG will purchase subordinated and junior subordinated debt issued by the Trust for approximately $500 million representing the remaining 49 percent of the total funding requirement.

Key Activities

The following table outlines the key activities required to execute the first purchase of the Investment Asset:

Activity	2017 Timeline
Rating Agencies' Assessment	End of November
Marketing & Roadshow	Last week of November – 1st week of December
Term Debt Closing & Funding	1st – 2nd week of December
Warehouse Facility Closing & Funding	2nd week of December

DRAFT

From:	LEE John -TREASURY
To:	Ronald Kwan; Malle Hanslep (MOF); Ken Kandeepan
Cc:	HAHN PARKER Janet -TREASURY; LAURETA LAPIRA May -TREASURY; GRECO Clara -LAWDIV; LAURETA LAPIRA May -TREASURY
Subject:	FW: FHP: Delivery of COLPA OPG Process Certificate
Date:	Tuesday, March 20, 2018 12:19:47 PM
Attachments:	COLPA Process Certificate - Signed.pdf

fyi

From: HAHN PARKER Janet -TREASURY **On Behalf Of** LEE John -TREASURY
Sent: Tuesday, March 20, 2018 12:17 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: FHP: Delivery of COLPA OPG Process Certificate

Alena,

Attached is the Process Certificate of the CFO and Treasurer of Ontario Power Generation Inc., in its capacity as Financial Services Manager, pursuant to section 3.01 of the **Change of Law Process Agreement** made December 21, 2017 between OPG and the Province. This was delivered by fax to the Minister and Deputy Minister of Energy today.

John Lee
Vice President, Treasurer
Ontario Power Generation Inc.
416 592-6392
john.s.lee@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

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

RE: Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**") in the maximum aggregate principal amount of C$800,000,000, of which $234,600,000 will be drawn on March 22, 2018, resulting in a total drawn amount of $335,890,000

AND RE: Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**") in the maximum aggregate principal amount of C$611,764,706 principal amount, of which $179,400,000 will be drawn on March 22, 2018, resulting in a total drawn amount of $256,857,000

AND RE: Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**") in the maximum available aggregate principal amount of C$156,862,745, of which $46,000,000 will be drawn on March 22, 2018, resulting in a total drawn amount of $65,860,000 (the Series 2017-1 Junior Subordinated Notes together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Process Certificate of Ontario Power Generation Inc. in its capacity as FSM delivered pursuant to clause 3.01 of the Change of Law Process Agreement (as defined below) on December 21, 2017 (the "**Original Process Certificate**").

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and in accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Funding Obligations, excluding the drawn principal amounts outstanding and identified on the preceding page, remain unchanged and are as described in Schedules A, B and C of the Original Process Certificate.

3. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

4. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

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

6. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

7. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Signature page follows]

DATED March 20, 2018.

Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

Name: John Lee
Title: Vice President - Treasurer

From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Mike Manning; John Kim; Ronald Kwan; Carlos Yep; James Devine; Scott Nelms (ENERGY); Keley Katona (ENERGY); Mark Donaldson (MOF); Veinot, Cindy (TBS)
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Subject:	FW: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture
Date:	Wednesday, November 08, 2017 9:52:28 AM
Attachments:	Master Trust Indenture (November 7th Rating Agency Draft).DOCX Blackline - MTI.pdf MTSA (November 7th Rating Agency Draft).DOCX Blackline - MTSA.pdf IESO Security Agreement (November 7th Rating Agency Draft).DOCX Warehouse Supplement - Nov 6, 2017 (Osler).docx

Hi,

Here are updated versions of these documents.

We haven't heard anything on the protection agreement and process agreement.

Thanks,

Malle

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: November 8, 2017 9:42 AM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: RE: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture

Hi all,

Please find attached the latest drafts of the master trust indenture, master transfer and servicing agreement, IESO security agreement and warehouse supplemental indenture. These drafts remain subject to continuing review by OPG and the dealers.

Please let me know if you would like any blacklines in addition to the attached.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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Draft Date: November 7, 2017

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Other Specified Creditors 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc 10
2.03 Use of Collateral 11
2.04 Suits To Protect the Collateral 11
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 12
2.09 Release of all Collateral 13
2.10 Certain Commercial Law Representations and Warranties 14

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 15
3.03 Form of Indenture Trustee's Certificate of Authentication 15
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 18
3.06 Beneficial Ownership of Global Notes 20

TABLE OF CONTENTS
(continued)

Page

3.07 Notices to Depository 20
3.08 CUSIP Numbers 20

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes 21
4.02 Denominations 23
4.03 Execution, Authentication and Delivery and Dating 23
4.04 Temporary Notes 24
4.05 Registration, Transfer and Exchange 24
4.06 Mutilated, Destroyed, Lost and Stolen Notes 28
4.07 Persons Entitled to Payment 29
4.08 Cancellation 30
4.09 Protection of Notes 30
4.10 New Issuances of Notes 30
4.11 Redemption 31

ARTICLE V CONDITIONS PRECEDENT 31

5.01 Conditions Precedent for Incurrence of Indebtedness 31
5.02 No Consent 33
5.03 Conditions Precedent for the Incurrence of other Obligations Secured 33
5.04 Acknowledgements 33

ARTICLE VI SUBORDINATION 34

6.01 Subordination 34
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations 34
6.03 Rights of Specified Creditors Preserved 34
6.04 Renewal or Extension of Senior Funding Obligations 35

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 35

7.01 Available Collections 35
7.02 Issuer Accounts 36
7.03 Investment of Funds in the Issuer Accounts 39
7.04 Allocation of Amounts on Deposit in the Collection Account 40
7.05 Allocation of Amounts on Deposit in Interest Accumulation Account 43
7.06 Allocation of Amounts on Deposit in Principal Accumulation Account 44
7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account 45
7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 45
7.09 Refinancing 47

TABLE OF CONTENTS
(continued)

Page

7.10 Allocation of Amounts on Deposit in the Series Accounts 48
7.11 Payments to be Held in Trust 48
7.12 Application of Trust Money 48

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 48

8.01 Events of Default 48
8.02 Acceleration of Maturity; Rescission and Annulment 50
8.03 Waiver of Past Defaults 51
8.04 Notice of Defaults 51
8.05 Remedies Generally 52
8.06 Default Interest and Expenses 52
8.07 Indenture Trustee May File Proofs of Claim 53
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 54
8.09 Indenture Trustee May Elect to Hold the Collateral 54
8.10 Termination by Indenture Trustee of Manager and Servicer 54
8.11 Control by Debtholders 54
8.12 Limitation on Suits 55
8.13 Application of Money Following an Event of Default 55
8.14 Limited Recourse 57
8.15 Restoration of Rights and Remedies 57
8.16 Rights and Remedies Cumulative 58
8.17 Delay or Omission Not Waiver 58
8.18 Waiver of Stay or Extension Laws 58
8.19 Indenture Trustee Appointed Attorney 58
8.20 Disclaimer of Marshalling 59

ARTICLE IX THE INDENTURE TRUSTEE 59

9.01 Certain Duties and Responsibilities 59
9.02 Certain Rights of Indenture Trustee 60
9.03 Not Responsible for Recitals or Issuer Funding Obligations 62
9.04 May Hold Notes 62
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 62
9.06 Corporate Indenture Trustee Required; Eligibility 63
9.07 Resignation and Removal; Appointment of Successor 63
9.08 Acceptance of Appointment by Successor 65
9.09 Merger, Conversion, Consolidation or Succession to Business 66
9.10 Trust Indenture Legislation 66
9.11 Representations and Covenants of the Indenture Trustee 66
9.12 Indenture Trustee's Application for Instructions from the Issuer 67
9.13 Appointment of Co-Trustee or Separate Indenture Trustee 67
9.14 Preservation of Information; Communications to Debtholders 68
9.15 Acceptance of Trusts by Indenture Trustee 70

TABLE OF CONTENTS
(continued)

Page

9.16 Paying Agent 70

ARTICLE X MEETINGS 71

10.01 Conduct of Meetings 71
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 73
10.03 Extraordinary Resolution 75
10.04 Declaration by Chairman of Result of Vote 76
10.05 Minutes 76
10.06 Signed Instruments 76
10.07 Persons Who May Attend 76
10.08 Binding Effect of Resolutions 77
10.09 Notes Regarded as Not Outstanding for Certain Purposes 77

ARTICLE XI SUPPLEMENTAL INDENTURES 77

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 77
11.02 Supplemental Indentures and Amendments with Consent of Debtholders 79
11.03 Execution of Amendments and Supplemental Indentures 80
11.04 Effect of Amendments and Supplemental Indentures 80
11.05 Reference in Notes to Supplemental Indentures 81

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 81

12.01 Representations and Warranties of the Issuer 81

ARTICLE XIII COVENANTS OF THE ISSUER 83

13.01 Payment of Principal and Interest 83
13.02 Use of Proceeds 83
13.03 Maintenance of Office or Agency 83
13.04 Legal Existence 84
13.05 Separateness Covenants 84
13.06 Compliance with Laws 85
13.07 Performance of Obligations 85
13.08 Funding Obligations 85
13.09 Financial Statements 85
13.10 Statement as to Compliance 86
13.11 Payment Instruction 86
13.12 Notice of Events of Default 86
13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 86
13.14 Other Positive Covenants 87
13.15 Rule 144A Information 88
13.16 Further Instruments and Acts 88

TABLE OF CONTENTS
(continued)

Page

13.17 No Other Business 88
13.18 Amendments to Program Agreements 88
13.19 Issuer May Consolidate, Etc., Only on Certain Terms 89
13.20 Successor Substituted 90
13.21 Guarantees, Loans, Advances and Other Liabilities 90
13.22 Capital Expenditures 90
13.23 Restricted Payments 90
13.24 No Borrowing 91
13.25 Other Negative Covenants 91
13.26 Indenture Trustee May Perform Covenants 91

ARTICLE XIV MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS 92

14.01 Management Agreement 92
14.02 Credit Enhancement Agreements 92

ARTICLE XV NOTICES 92

15.01 Notice to Issuer 92
15.02 Notice to the Indenture Trustee 93
15.03 Notice to Noteholders 93
15.04 Notice to Other Specified Creditors 94
15.05 Notice to Rating Agencies 95
15.06 Change of Address 95

ARTICLE XVI MISCELLANEOUS 95

16.01 No Petition 95
16.02 Withholding Rights 95
16.03 U.S. Tax Treatment 95
16.04 Alternate Payment Provisions 96
16.05 Final Distribution 96
16.06 Force Majeure 97
16.07 Delivery of Executed Copies 97

SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF PAYMENT INSTRUCTIONS
EXHIBIT 2 — FORM OF REFINANCING NOTICE

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee[1] (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

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

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

[1] This draft does not reflect any comments from the Indenture Trustee.

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

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

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

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

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

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

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

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six months days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

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

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

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

1.13 Interest Act

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

1.14 Currency

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

1.15 References to Acts of the Issuer

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

1.16 Judgment Currency

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

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified

Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral

(including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums

so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) all Notes of that Class, Series or Tranche theretofore outstanding (other than (A) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (B) Funding Obligations of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.12 and 16.05(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the

provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee,

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the

registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche

of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of all Series advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders, the holders of Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not

prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) The Class in respect of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any Events of Default with respect to such Series or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series or Tranche);

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) **[if such Series or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;]**

(xviii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Payment Date;

(xx) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche; and

(xxi) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of

Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so)

to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of a Class of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of

Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.11 Redemption

[NTD: redemption mechanics to be included.]

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Series or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the Change of Law Protection Agreement shall be in full force and effect against the Province or has been replaced with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations pursuant to an Ordinary Resolution;

(h) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(i) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(j) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code),

then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(k) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

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

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined under, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(f) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible

Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account shall be credited to a Series Capital Reserve Account, to the extent that there is a requirement for funds in such Series Capital Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined under, the Fair Hydro Act Regulations.

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account shall be credited to a Series Finance Reserve Account, to the extent that there is a requirement for funds in such Series Finance Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such

new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined under, the Fair Hydro Act Regulations.

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections 7.05 to 7.10.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided,

however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[2] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(iii) Third, on a *pro rata* basis (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, on a *pro rata* basis (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(v) Fifth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations,

(vi) Sixth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);

(vii) Seventh, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to

[2] To be confirmed.

Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(viii) Eighth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(ix) Ninth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date,

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Subordinated);

(xiii) Thirteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement related solely to Subordinated Funding Obligations;

(xiv) Fourteenth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(xv) Fifteenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Accounts or Series Finance Reserve Accounts as required by any Related Funding Obligation Agreement related solely to Junior Subordinated Funding Obligations;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period;

(xx) Twentieth, on a *pro rata* basis (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxi) Twenty-First, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Sections 7.07 and 8.13, on each Interest Payment Date, any amount on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Interest Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (y) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (y) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation

Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full including all interest thereon any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

Subject to Section 8.13, on each Principal Payment Date, any amount on deposit in the Principal Accumulation Account and any amounts transferred pursuant to Section 7.07 will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Principal Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the succeeding Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account

(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Subordinated/Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Subordinated/Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinate Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date,

(ii) Secondly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(c) is less than the amount of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(b) On each Principal Payment Date (and if the Principal Payment Date is also an Interest Payment Date, after making the applications provided for in subsection 7.08(a) and Section 7.07), amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Senior Funding Obligations on such Principal Payment Date;

(ii) Secondly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(b) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(c) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall

be applied to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b): (i) to be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Refinancing

(a) Not less than [30] days prior the first day of the Reference Period that includes the Principal Accumulation Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) The amount on deposit in the Refinancing Account; and

(ii) The Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts remaining in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in the Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligations Agreement.

7.11 Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.12 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

[NTD: to be determined if certain events of default should be triggered on a series by series basis.]

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

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of [5] days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within 10 days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

[NTD: to be determined if acceleration should be determined on a series by series basis.]

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its

agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and

upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of

any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[3] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

[3] To be confirmed.

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;][4]

(e) Fifth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(f) Sixth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(g) Seventh, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(h) Eighth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(k) Eleventh, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(l) Twelfth, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(m) Thirteenth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity

[4] Subject to ongoing discussion.

amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Specified Creditors for whom such Series Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

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

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this

Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as BNY Trust Company of Canada is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after

such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

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

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any

particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such Class, Series or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable Classes, Series and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest

owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, **[of Controlling Class Obligations of a Series]** or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that Debtholder Group, convene a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting

and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the applicable Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the applicable Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of

which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be

necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of the Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own

account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective

heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture

Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations

affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in

effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in

connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee, as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer

for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Event of Default has occurred (without regard to any grace period or requirement of notice), or, if there has been a material default in the fulfillment of any such condition or covenant or an Event of Default has occurred (without regard to any grace period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such Classes, Series or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute

and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted

by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the

Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day

receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

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

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

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

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Services
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination

outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the

money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

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

[Signature page to follow]

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

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in any Issuer Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments; and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

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

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" or "**Class of Issuer Funding Obligations**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations **[and the Derivative Funding Obligations]**, each of which shall be a class of Issuer Funding Obligations.

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

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

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a)

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

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating

thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to

3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act including Ontario regulations 206/17 and 195/17

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

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

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

"**Global Note**" means any Note issued pursuant to Section 3.04.

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

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

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

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with

respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(xiii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a).

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(iii)(A).

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(viii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b).

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day which is an "Interest Payment Date" in respect of any Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

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

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts and the Series Accounts and including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

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

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

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

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if

required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, Senior Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche or the applicable Derivative Counterparty, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means the 15th day of each calendar month.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

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

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Funding Obligation Agreement in respect of such Series plus any amounts specified in the Funding Obligation Agreement in respect of such Series in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; *provided* that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day which is a "Principal Payment Date" under a Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account and the Refinancing Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Program Cash Reserve Balance**" means, at any time, the amount on deposit in the Program Cash Reserve Account.

"**Program Cash Reserve Required Amount (Junior Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Senior)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Total)**" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).

"**Program Cash Reserve Required Deposit Amount (Junior Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Senior)**" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding Class, Series or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any

Outstanding Notes immediately before the taking of such action, **[or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action]**, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Principal Shortfall**" has the meaning specified in subsection 7.07(b).

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Series Capital Account**" has the meaning specified in subsection 7.02(f).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated/Senior Principal Shortfall**" has the meaning specified in subsection 7.07(a).

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging

to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreeement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.]

~~[ISSUER]~~FAIR HYDRO TRUST

as Issuer

AND

~~[INDENTURE TRUSTEE]~~

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER **1**

AGREEMENT OF THE PARTIES **1**

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION **1**

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Other Specified Creditors 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts ..... ~~7~~6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8

ARTICLE II COLLATERAL **8**

2.01 Security for Obligations Secured 8
2.02 Recording, Etc. 10
2.03 Use of Collateral 11
2.04 Suits To Protect the Collateral ..... ~~12~~11
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture ..... ~~13~~12
2.09 Release of all Collateral ..... ~~14~~13
2.10 Certain Commercial Law Representations and Warranties 14

ARTICLE III NOTE FORMS **15**

3.01 Forms Generally 15
3.02 Forms of Notes 15
3.03 Form of Indenture Trustee's Certificate of Authentication ..... ~~16~~15
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 18

TABLE OF CONTENTS
(continued)

Page

3.06 Beneficial Ownership of Global Notes 20
3.07 Notices to Depository 20
3.08 CUSIP Numbers 20

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series~~,~~ ~~Class~~ or Tranche of Notes 21
4.02 Denominations ..... ~~24~~**23**
4.03 Execution, Authentication and Delivery and Dating ..... ~~24~~**23**
4.04 Temporary Notes ..... ~~25~~**24**
4.05 Registration, Transfer and Exchange ..... ~~25~~**24**
4.06 Mutilated, Destroyed, Lost and Stolen Notes ..... ~~29~~**28**
4.07 Persons Entitled to Payment ..... ~~30~~**29**
4.08 Cancellation ..... ~~31~~**30**
4.09 Protection of Notes ..... ~~31~~**30**
4.10 New Issuances of Notes **30**
4.11 Redemption 31

ARTICLE V CONDITIONS PRECEDENT ..... ~~32~~31

5.01 Conditions Precedent for Incurrence of Indebtedness ..... ~~32~~**31**
5.02 No Consent 33
5.03 Conditions Precedent for the Incurrence of other Obligations Secured ..... ~~34~~**33**
5.04 Acknowledgements ..... ~~34~~**33**

ARTICLE VI SUBORDINATION 34

6.01 Subordination 34
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations ..... ~~35~~**34**
6.03 Rights of Specified Creditors Preserved ..... ~~35~~**34**
6.04 Renewal or Extension of Senior Funding Obligations ..... ~~36~~**35**

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS ..... ~~36~~35

7.01 Available Collections ..... ~~36~~**35**
7.02 Issuer Accounts 36
7.03 Investment of Funds in the Issuer Accounts 39
7.04 Allocation of Amounts on Deposit in the Collection Account 40
7.05 Allocation of Amounts on Deposit in ~~the Other Issuer Accounts~~**Interest Accumulation Account** 43
7.06 **Allocation of Amounts on Deposit in Principal Accumulation Account** **44**
7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account **45**

TABLE OF CONTENTS
(continued)

Page

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 45
7.09 Refinancing 47
7.10 Allocation of Amounts on Deposit in the Series Accounts 48
7.11 Payments to be Held in Trust 4448
7.07 7.12 Application of Trust Money 4448

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 4448

8.01 Events of Default 4448
8.02 Acceleration of Maturity; Rescission and Annulment 4550
8.03 Waiver of Past Defaults 4751
8.04 Notice of Defaults 4751
8.05 Remedies Generally 4852
8.06 Default Interest and Expenses 4852
8.07 Indenture Trustee May File Proofs of Claim 4953
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 4954
8.09 Indenture Trustee May Elect to Hold the Collateral 5054
8.10 Termination by Indenture Trustee of Manager and Servicer 5054
8.11 Control by Debtholders 5054
8.12 Limitation on Suits 5055
8.13 Application of Money Following an Event of Default 5155
8.14 Limited Recourse 5357
8.15 Restoration of Rights and Remedies 5357
8.16 Rights and Remedies Cumulative 5358
8.17 Delay or Omission Not Waiver 5458
8.18 Waiver of Stay or Extension Laws 5458
8.19 Indenture Trustee Appointed Attorney 5458
8.20 Disclaimer of Marshalling 5559

ARTICLE IX THE INDENTURE TRUSTEE 5559

9.01 Certain Duties and Responsibilities 5559
9.02 Certain Rights of Indenture Trustee 5660
9.03 Not Responsible for Recitals or Issuer Funding Obligations 5862
9.04 May Hold Notes 5862
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 5862
9.06 Corporate Indenture Trustee Required; Eligibility 5963
9.07 Resignation and Removal; Appointment of Successor 5963
9.08 Acceptance of Appointment by Successor 6165
9.09 Merger, Conversion, Consolidation or Succession to Business 6166
9.10 Trust Indenture Legislation 6266
9.11 Representations and Covenants of the Indenture Trustee 6266
9.12 Indenture Trustee's Application for Instructions from the Issuer 6267

TABLE OF CONTENTS
(continued)

Page

9.13 Appointment of Co-Trustee or Separate Indenture Trustee ~~63~~67
9.14 Preservation of Information; Communications to Debtholders ~~64~~68
9.15 Acceptance of Trusts by Indenture Trustee ~~65~~70
9.16 Paying Agent ~~65~~70

ARTICLE X MEETINGS ~~67~~71

10.01 Conduct of Meetings ~~67~~71
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution ~~69~~73
10.03 Extraordinary Resolution ~~71~~75
10.04 Declaration by Chairman of Result of Vote ~~72~~76
10.05 Minutes ~~72~~76
10.06 Signed Instruments ~~72~~76
10.07 Persons Who May Attend ~~72~~76
10.08 Binding Effect of Resolutions ~~72~~77
10.09 Notes Regarded as Not Outstanding for Certain Purposes ~~73~~77

ARTICLE XI SUPPLEMENTAL INDENTURES ~~73~~77

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors ~~73~~77
11.02 Supplemental Indentures and Amendments with Consent of Debtholders ~~75~~79
11.03 Execution of Amendments and Supplemental Indentures ~~76~~80
11.04 Effect of Amendments and Supplemental Indentures ~~76~~80
11.05 Reference in Notes to Supplemental Indentures ~~77~~81

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER ~~77~~81

12.01 Representations and Warranties of the Issuer ~~77~~81

ARTICLE XIII COVENANTS OF THE ISSUER ~~79~~83

13.01 Payment of Principal and Interest ~~79~~83
13.02 Use of Proceeds ~~79~~83
13.03 Maintenance of Office or Agency ~~79~~83
13.04 Legal Existence ~~80~~84
13.05 Separateness Covenants ~~80~~84
13.06 Compliance with Laws ~~81~~85
13.07 Performance of Obligations ~~81~~85
13.08 Funding Obligations ~~81~~85
13.09 Financial Statements ~~82~~85
13.10 Statement as to Compliance ~~82~~86
13.11 Payment Instruction ~~82~~86
13.12 Notice of Events of Default ~~82~~86

TABLE OF CONTENTS
(continued)

Page

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors ~~83~~86
13.14 Other Positive Covenants ~~83~~87
13.15 Rule 144A Information ~~84~~88
13.16 Further Instruments and Acts ~~84~~88
13.17 No Other Business ~~84~~88
13.18 Amendments to Program Agreements ~~84~~88
13.19 Issuer May Consolidate, Etc., Only on Certain Terms ~~85~~89
13.20 Successor Substituted ~~86~~90
13.21 Guarantees, Loans, Advances and Other Liabilities ~~86~~90
13.22 Capital Expenditures ~~86~~90
13.23 Restricted Payments ~~86~~90
13.24 No Borrowing ~~87~~91
13.25 Other Negative Covenants ~~87~~91
13.26 Indenture Trustee May Perform Covenants ~~87~~91

ARTICLE XIV MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS ~~88~~92

14.01 Management Agreement ~~88~~92
14.02 Credit Enhancement Agreements ~~88~~92

ARTICLE XV NOTICES ~~89~~92

15.01 Notice to Issuer ~~89~~92
15.02 Notice to the Indenture Trustee ~~89~~93
15.03 Notice to Noteholders ~~90~~93
15.04 Notice to Other Specified Creditors ~~91~~94
15.05 Notice to Rating Agencies ~~91~~95
15.06 Change of Address ~~91~~95

ARTICLE XVI MISCELLANEOUS ~~91~~95

16.01 No Petition ~~91~~95
16.02 Withholding Rights 95
16.03 U.S. Tax Treatment ~~92~~95
~~16.03~~16.04 Alternate Payment Provisions ~~92~~96
~~16.04~~16.05 Final Distribution ~~92~~96
~~16.05~~16.06 Force Majeure ~~93~~97
~~16.06~~16.07 Delivery of Executed Copies ~~93~~97

SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF PAYMENT INSTRUCTIONS
EXHIBIT 2 — FORM OF REFINANCING NOTICE

TABLE OF CONTENTS
(continued)

Page

This **TRUST INDENTURE**, between ~~[ISSUER]~~**COMPUTERSHARE TRUST COMPANY OF CANADA in its capacity as trustee of FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and ~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee[1] (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of **Issuer** Funding Obligations in one or more **Classes,** Series~~, Classes~~ or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

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

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

~~(b) [all other terms used herein which are defined in the Master Transfer and Servicing Agreement, either directly or by reference therein, have the meanings assigned to them therein;]~~[1]

(b) ~~(c)~~ all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

[1] **This draft does not reflect any comments from the Indenture Trustee.**

~~[1] **NTD**: Defined terms from Master Transfer and Servicing Agreement to be included in Schedule A. Schedule A will be a master glossary for all Program Agreements.~~

(c) ~~(d)~~ unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

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

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

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

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

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

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

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series~~, Class~~ or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant

to Article V and this Section 1.02, as applicable, in connection with the ~~first~~ authentication of Notes of such Series~~, Class~~ or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, **resolution,** waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any **Class,** Series~~, Class~~ or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. ~~If Notes~~

~~of a Series, Class or Tranche are issuable in whole or in part as Bearer Notes~~**In addition**, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) ~~The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness to such execution or by the certificate of any notary public or other officer authorized by applicable law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or limited liability company, or a partner of a partnership, on behalf of such corporation, limited liability company or partnership, such certificate or affidavit will also constitute sufficient proof of his or her authority.~~ The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may ~~also~~ be proved in any ~~other~~ manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified ~~pursuant to Section 4.01 or~~ pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than ~~90~~**six months** days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

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

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY

MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

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

1.13 Interest Act

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

1.14 Currency

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

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the

Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

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

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified

Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) ~~the Collection Account, the Refinancing Account, each Finance Reserve Account, each Capital Reserve Account and each Supplemental Reserve~~**each Issuer** Account (including all Sub-Accounts of each ~~of the foregoing~~**Issuer Account**);

(iii) all Eligible Investments and all investment property, money and other property held in the ~~Collection Account, the Refinancing Account, any Finance Reserve Account, any Capital Reserve Account or any Supplemental Reserve Account~~**Issuer Accounts** (including any Sub-Accounts of each ~~of the foregoing~~**Issuer Account**);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest

in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement

Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the

right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05).

The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any **Class,** Series~~, Class~~ or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every **Class,** Series~~, Class~~ or Tranche of ~~Notes~~**Funding Obligations** as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any **Class,** Series~~, Class~~ or Tranche of ~~Notes~~**Funding Obligations** (except as to any surviving rights of transfer or exchange of Notes of that **Class,** Series~~, Class~~ or Tranche expressly provided for herein or in ~~the~~**any** form of Note for that **Class,** Series~~, Class~~ or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that **Class,** Series~~, Class~~ or Tranche, when:

(i) all Notes of that **Class,** Series~~, Class~~ or Tranche theretofore ~~authenticated and delivered~~**outstanding** (other than (A) Notes of that **Class,** Series~~, Class~~ or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section ~~16.04~~**16.05**(b), and (B) ~~Notes~~**Funding Obligations** of that **Class,** Series~~, Class~~ or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section ~~16.04~~**16.05**(b)) have been delivered to the Indenture Trustee ~~canceled or~~ for cancellation **or been cancelled**;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the ~~Notes~~**Funding Obligations** of that **Class,** Series~~, Class~~ or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that **Class,** Series~~, Class~~ or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any **Class,** Series~~, Class~~ or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that **Class,** Series~~, Class~~ or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections ~~7.07~~**7.12** and ~~16.04~~**16.05**(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any **Class,** Series~~, Class~~ or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the **Class,** Series~~, Class~~ or Tranche designated therein referred to in the within-mentioned Indenture.

~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, as Indenture Trustee,

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes ~~pursuant to Sections 3.02 and 4.01~~ that the Notes of a particular **Class,** Series~~, Class~~ or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the

Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to ~~[~~Fair Hydro Trust~~]~~ (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to ~~[~~Fair Hydro Trust~~]~~ (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such **Class,** Series~~, Class~~ or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or **ceases to be** a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer

within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such **Class,** Series~~, Class~~ or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such **Class,** Series~~, Class~~ or Tranche of like tenor and terms in **definitive form in** an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any **Class,** Series~~, Class~~ or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such **Class,** Series~~, Class~~ or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such **Class,** Series~~, Class~~ or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such **Class,** Series~~, Class~~ or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing~~ with respect to such Global Notes,~~ and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of ~~that~~**all** Series advise the Indenture Trustee and the Depository that ~~a~~ Global ~~Note is~~**Notes are** no longer in the best interest of the Noteholders~~ of that Series~~, the holders of Global Notes~~ of that Series~~ may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any ~~Tranche~~**Series**, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series~~, Class or Tranche~~ and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series~~, Class or Tranche~~, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series~~, Class or Tranche~~ of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global

Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable ~~clearing agency or~~ Depository and the~~ clearing agency's or~~ Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the ~~applicable clearing agency or Depository and the clearing agency's or Depository's participants and will be limited to those established by applicable law and agreements between such Note Owners and the clearing agency or Depository and/or the clearing agency's or~~**Depository and the** Depository's participants. ~~Pursuant to the operating rules of the applicable clearing agency, unless~~**Unless** and until Notes in definitive form are issued pursuant to Section 3.04,~~ the clearing agency or~~ the Depository will make book-entry transfers among the ~~clearing agency's or the~~ Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such~~ clearing agency's or~~ Depository's participants**, in accordance with the Depository's applicable procedures from time to time**.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the

Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the ~~clearing agency~~**Depository** and the ~~clearing agency~~**Depository**'s participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes **in accordance with the applicable procedures of the Depository**.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series~~, Class~~ or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes **of any Class** may be issued in one or more Series~~, Classes~~ or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) **The Classes of Notes are as set forth in this Indenture.** Each Note issued must be part of a ~~Series, Class~~ and ~~Tranche~~**Series** of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A ~~Class or~~ Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

~~(d) Each Series of Notes may, but need not be, subdivided into multiple Classes. Notes belonging to a Class in any Series may be entitled to specified payment priorities over other Classes of Notes in that Series.~~

(d) ~~(e)~~ Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If **the Notes of** a Series ~~of Notes is subdivided into multiple Classes, the Notes of each Class of such Series shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Class~~ of Notes belong to different Tranches, all Notes of such ~~Class~~**Series**, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the ~~Class~~**Series** of Notes.

~~(f) Notes of a Series that belong to different Classes in that Series belong to different Tranches on the basis of the difference in Class membership.~~

(e) ~~(g)~~ Each ~~Class~~**Series** of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single ~~Class~~**Series** of a ~~Series~~**Class** will belong to different Tranches if they have different terms and conditions. With respect to any ~~Class~~**Series** of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) ~~(h)~~ Before the initial issuance of Notes of each Series~~, Class~~ or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) **The Class in respect of such Series;**

(ii) ~~(i)~~ the Series designation;

(iii) ~~(ii)~~ the Stated Principal Amount of the Notes;

(iv) ~~(iii)~~ whether such Notes are of a particular ~~Class of Notes or a~~ Tranche of ~~a Class of~~ Notes;

(v) ~~(iv)~~ the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

~~(v) if the principal of or interest, if any, on such Notes are to be payable, at the election of the Issuer or a Noteholder, in a currency or currencies other than that in which the Notes are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;~~

~~(vi) if the amount of payments of principal of or interest, if any, on such Notes may be determined with reference to an index based on (A) a currency or currencies other than that in which the Notes are stated to be payable, (B) changes in the prices of one or more other securities or indexes of securities or (C) changes in the prices of one or more commodities or indexes of commodities, or any combination of the foregoing, the manner in which such amounts will be determined;~~

(vi) ~~(vii)~~ the price or prices at which such Series~~, Class~~ or Tranche of Notes will be issued;

(vii) ~~(viii)~~ the times at which such Series~~, Class~~ or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;~~[2]~~

(viii) ~~(ix)~~ the rate per annum at which such Series~~, Class~~ or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) ~~(x)~~ each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series~~, Class~~ or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) ~~(xi)~~ the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series~~, Class~~ or Tranche of Notes;

(xiii) ~~(xii)~~ whether or not application will be made to list such Series~~, Class~~ or Tranche of Notes on any securities exchange;

(xiv) ~~(xiii)~~ any Events of Default with respect to such Series~~, Class~~ or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series~~, Class~~ or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series~~, Class~~ or Tranche);

(xv) ~~(xiv)~~ if such Series~~, Class~~ or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be

~~[2] To confirm whether optional or mandatory redemption is possible. If not, a specific provision prohibiting it will be included.~~

exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) ~~(xv)~~ if such Series~~, Class~~ or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series~~, Class~~ or Tranche of Notes are to be issued with or without coupons or both;

~~(xvi) the subordination of such Series, Class or Tranche of Notes to any other indebtedness of the Issuer, including without limitation, the Notes of any other Series, Class or Tranche;~~

(xvii) **[if such Series~~, Class~~ or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;]**

(xviii) if such Series~~, Class~~ or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series~~, Class~~ or Tranche of Notes, if different from the last day of the month before the related Payment Date;

~~(xx) the details of any accumulation period for such Series, Class or Tranche of Notes and the amount scheduled to be deposited in a Capital Reserve Account, if any, on each Payment Date during such accumulation period;~~

(xx) ~~(xxi)~~ whether and under what conditions, additional amounts will be payable to Noteholders of such Series~~, Class~~ or Tranche; and

(xxi) ~~(xxii)~~ any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) ~~(i)~~ The Notes of each **Class,** Series~~, Class~~ or Tranche will be distinguished from the Notes of each other **Class,** Series~~, Class~~ or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) ~~(j)~~ Any terms or provisions in respect of the Notes of any **Class,** Series~~, Class~~ or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series~~, Class~~ or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series~~, Class~~ or Tranche, the Registered Notes of that Series~~, Class~~ or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series~~, Class~~ or Tranche, the Bearer Notes of that Series~~, Class~~ or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series~~, Class~~ or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series~~, Class~~ or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive

evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series~~, Class~~ or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series~~, Class~~ or Tranche are issued, the Issuer will cause definitive Notes of such Series~~, Class~~ or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series~~, Class~~ or Tranche will be exchangeable for definitive Notes of such Series~~, Class~~ or Tranche upon surrender of the temporary Notes of such Series~~, Class~~ or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series~~, Class~~ or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series~~, Class~~ or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series~~, Class~~ or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular **Class,** Series~~, Class~~ or Tranche, and for transfers of Registered Notes or of Registered Notes of such **Class,** Series~~, Class~~ or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any **Class,** Series~~, Class~~ or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such **Class,** Series~~, Class~~ or Tranche of any authorized denominations, of a like aggregate Stated

Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any **Class,** Series~~, Class~~ or Tranche may be exchanged for other Notes of such **Class,** Series~~, Class~~ or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same **Class,** Series~~, Class~~ and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any **Class,** Series~~, Class~~ or Tranche during a period beginning at the opening of business 15 days

before the day of selection of Notes of such **Class,** Series~~, Class~~ or Tranche to be redeemed and ending at the close of business on (A) if Notes of such **Class,** Series~~, Class~~ or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such **Class,** Series~~, Class~~ or Tranche so selected for redemption or (B) if Notes of the **Class,** Series~~, Class~~ or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the **Class,** Series~~, Class~~ or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any **Class,** Series~~, Class~~ or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR

PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction

under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, **Class,** Series~~, Class~~ or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same **Class,** Series~~, Class~~ or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, **repurchase,** transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the

Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding ~~Class~~**Series** or Tranche of a ~~Series~~**Class** of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding ~~Class~~**Series** or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that ~~Class~~**Series** or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a ~~Class~~**Series** or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a ~~Class~~**Series** or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit~~ of the additional Notes. Furthermore, the targeted deposits, if any, to any applicable Issuer Account, will be increased proportionately to reflect the principal amount~~ of the additional Notes.

(b) When issued, the additional Notes of a ~~Class~~**Series** or Tranche will be identical in all respects to the other Outstanding Notes of that ~~Class~~**Series** or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related

Supplemental Indenture as the other Outstanding Notes of that ~~Class~~**Series** or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.11 Redemption

[NTD: redemption mechanics to be included.]

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable ~~Class~~**Series** or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section ~~7.06~~**7.11** (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the Change of Law Protection Agreement shall be in full force and effect against the Province or has been replaced with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations pursuant to an Ordinary Resolution;

(h) ~~(g)~~ the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(i) ~~(h)~~ in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(j) ~~(i)~~ in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(k) ~~(j)~~ in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section ~~7.06~~7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior

Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI

prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of

the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account~~"~~**"**

(b) **On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Interest Accumulation Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation** Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 **days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.**

(c) **On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Principal Accumulation Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30** days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new **Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is**

established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined under, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Program Cash Reserve Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(e) ~~(b)~~ On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(f) ~~(c)~~ From time to time in connection with the creation of any Series ~~or Class~~ of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "Series **Capital Reserve Account**") in the name

of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A **Series** Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account ~~not otherwise required to be paid to Specified Creditors at such time~~ shall be credited to a **Series** Capital Reserve Account, to the extent that there is a requirement for funds in such **Series** Capital Reserve Account, in accordance with the terms of ~~any~~**the** applicable Funding Obligation Agreement and Section 7.04. Each **Series** Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a **Series** Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new **Series** Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new **Series** Capital Reserve Account. From the date each such new **Series** Capital Reserve Account is established, it shall be a "**Series** Capital Reserve Account~~"~~**." Each Series Capital Reserve Account shall be a "capital account" under, and as defined under, the Fair Hydro Act Regulations.**

(g) ~~(d)~~ From time to time in connection with the creation of any Series ~~or Class~~ of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series** **Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A **Series** Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for ~~one or more~~**a** Series ~~or Classes~~ of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account ~~not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time~~ shall be credited to a **Series** Finance Reserve Account, to the extent that there is a requirement for funds in such **Series** Finance Reserve Account, in accordance with the terms of ~~any~~**the** applicable Funding Obligation Agreement and Section 7.04. Each **Series** Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a **Series** Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency

Condition is satisfied) establish a new **Series** Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new **Series** Finance Reserve Account. From the date each such new **Series** Finance Reserve Account is established, it shall be a "**Series** Finance Reserve Account~~".~~**." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined under, the Fair Hydro Act Regulations.**

~~(e) From time to time in connection with the creation of any Series or Class of Issuer Funding Obligations, the Issuer may cause the Indenture Trustee to establish one or more Eligible Deposit Accounts denominated as "**Supplemental Reserve Accounts**" in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Supplemental Reserve Account may be established for such other purposes not prohibited by this Indenture as the Issuer may deem necessary or desirable from time to time. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time shall be credited to a Supplemental Reserve Account, to the extent that there is a requirement for funds in such Supplemental Reserve Account, in accordance with the terms of the any applicable Funding Obligation Agreement and Section 7.04. Each Supplemental Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Supplemental Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Supplemental Reserve Account, as applicable, that is an Eligible Deposit Account and shall transfer any funds or other property from such Supplemental Reserve Account to such new Supplemental Reserve Account. From the date each such new Supplemental Reserve Account is established, it shall be a "Supplemental Reserve Account".~~

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments

pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections ~~7.04 and~~ 7.05 **to 7.10**.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series~~, Class~~ or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series~~, Class~~ **or Tranche, or (iv) the Principal Accumulation Date of such Series** or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series~~, Class~~ or Tranche will in all respects be equally and ratably entitled to the benefits hereof

with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series~~, Class~~ **or Tranche, or (iv) the Principal Accumulation Date of such Series** or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series~~, Class~~ or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date~~ of the Junior Subordinated Funding Obligations~~**, or (iv) the Principal Accumulation Date** of such Series~~, Class~~ or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, ~~(A)~~ to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; ~~and then (B)~~

(ii) **Second,** to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in

respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[32] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(iii) ~~(ii) Second, *pari passu*, (A) to Debtholders~~**Third**, on a *pro rata* basis~~, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations~~ **(A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date**, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) ~~(iii) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement~~**Fourth, on a *pro rata* basis (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date**, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

~~(iv) Fourth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any other Issuer Account as required by any Related Funding Obligation Agreement, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;~~

(v) Fifth, to ~~the Manager in respect of~~**Debtholders, on a *pro rata* basis,** all fees~~, expenses, reimbursement and indemnity amounts owing;~~ **and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations,**

(vi) Sixth, to ~~the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i);~~**deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);**

(vii) Seventh, ~~(A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any~~

[32] To be confirmed.

~~relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;~~**to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;**

(viii) Eighth, to ~~Debtholders, on a *pro rata* basis,~~**the Manager** in respect of all ~~interest accrued and unpaid, if any, and~~ fees**, expenses, reimbursement** and ~~other amounts (other than principal) due and payable on the Subordinated Funding Obligations~~**indemnity amounts owing**;

(ix) Ninth, to ~~Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;~~**transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;**

(x) Tenth, to transfer ~~such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account (other than a Capital Reserve Account) related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;~~**to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date,**

(xi) Eleventh, to Debtholders, on a *pro rata* basis, ~~in respect of all interest accrued and unpaid, if any, and~~**all** fees and other amounts (other than **interest or** principal) due and payable on the ~~Junior~~ Subordinated Funding Obligations;

(xii) Twelfth, to ~~Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Junior Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;~~**deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Subordinated);**

(xiii) Thirteenth**, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve**

Account as required by any Related Funding Obligation Agreement related solely to Subordinated Funding Obligations;

(xiv) **Fourteenth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,**

(xv) **Fifteenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,**

(xvi) **Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;**

(xvii) **Seventeenth**, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any ~~Issuer Account (other than a Capital Reserve Account)~~**Series Capital Accounts or Series Finance Reserve Accounts** as required by any Related Funding Obligation Agreement related solely to Junior Subordinated Funding Obligations ~~as required by any Related Funding Obligation Agreement~~;

(xviii) ~~(xiv) Fourteenth~~**Eighteenth**, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) ~~(xv) Fifteenth~~**Nineteenth**, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period; ~~and~~

(xx) **Twentieth, on a *pro rata* basis (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and**

(xxi) ~~(xvi) Sixteenth~~**Twenty-First**, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the

Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in ~~the Other Issuer Accounts~~Interest Accumulation Account

~~(a)~~ Subject to ~~clause (b) below, if, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date~~: ~~(i) amounts on deposit in any Issuer Account, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations, may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (iii); (ii) amounts on deposit in any Issuer Account related solely to Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (ix); and (iii) amounts on deposit in any Issuer Account related solely to Junior Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (xii).~~ **Sections 7.07 and 8.13, on each Interest Payment Date, any amount on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Interest Payment Date:**

(a) **Firstly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;**

(b) **Secondly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (y) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date;**

(c) **Thirdly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (y) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required**

Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full including all interest thereon any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

Subject to Section 8.13, on each Principal Payment Date, any amount on deposit in the Principal Accumulation Account and any amounts transferred pursuant to Section 7.07 will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Principal Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the

succeeding Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account

(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "Subordinated/Senior Principal Shortfall"), an amount equal to the lesser of:

(i) the Subordinated/Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinate Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "Senior Principal Shortfall"), an amount equal to the lesser of:

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date,

(ii) Secondly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(c) is less than the amount of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(b) On each Principal Payment Date (and if the Principal Payment Date is also an Interest Payment Date, after making the applications provided for in subsection 7.08(a) and Section 7.07), amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Senior Funding Obligations on such Principal Payment Date;

(ii) Secondly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(b) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal

Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(c) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b): (i) to be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Refinancing

(a) Not less than [30] days prior the first day of the Reference Period that includes the Principal Accumulation Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) ~~Notwithstanding anything to the contrary contained herein but subject to Section 8.13:~~On completion of a Refinancing all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) ~~amounts~~**The amount** on deposit in the Refinancing Account ~~may only be withdrawn from the Refinancing Account for the purpose of repaying the principal amount of Issuer Funding Obligations which are due and payable and interest thereon~~; and

(ii) The Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account **shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts remaining in the Refinancing Account shall be applied in accordance with Section 8.13.**

7.10 Allocation of Amounts on Deposit in the Series Accounts

~~(ii)~~ **If**, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date amounts on deposit in ~~an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Issuer Funding Obligations may only~~**any Series Account may** be withdrawn from such ~~Issuer~~**Series** Account ~~for the purpose for which such Issuer Account was established~~ and allocated ~~only~~ to ~~those~~ Specified Creditors ~~for whom such Issuer Account was established~~**in accordance with the terms of the Related Funding Obligations Agreement**.

7.11 ~~7.06~~ Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.12 ~~7.07~~ Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES[4]

8.01 Events of Default

[NTD: to be determined if certain events of default should be triggered on a series by series basis.]

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

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of ~~65~~**[5]** days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~90~~**60** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the ~~90~~**60**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of ~~90~~**60** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of

[4] ~~Subject to ongoing discussions.~~

Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the ~~90~~**60**-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within ~~90~~**10** days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

[NTD: to be determined if acceleration should be determined on a series by series basis.]

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will

automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be

deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part

thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any **Class,** Series~~, Class~~ or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such **Class,** Series~~, Class~~ or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or

other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to ~~(A)~~ the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; ~~and then~~

(b) **Second,** to ~~(B)~~ the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[~~53~~] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(c) ~~(b) [Second~~**Third**, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(d) ~~(c) Third~~**Fourth**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;]~~64~~

(e) ~~(d) Fourth~~**Fifth**, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(f) ~~(e) Fifth~~**Sixth**, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

~~(f) Sixth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;~~

(g) Seventh, to the ~~payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a)~~**Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing**;

[~~53~~] To be confirmed.

~~64~~ Subject to ongoing discussion.

(h) Eighth~~, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;(i)~~ ~~Ninth~~, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(i) ~~(j) Tenth~~**Ninth**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) ~~(k) Eleventh~~**Tenth**, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(k) ~~(l) Twelfth~~**Eleventh**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(l) ~~(m) Thirteenth~~**Twelfth**, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party; ~~and~~

(m) **Thirteenth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;**

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in ~~an Issuer~~**a Series** Account established solely for the benefit of one or more Series~~, Classes or Tranches~~ of Issuer Funding Obligations ~~(which, for greater certainty, shall not include the Refinancing Account)~~ shall first be used to satisfy all obligations owing to those Specified Creditors for whom such ~~Issuer~~**Series** Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

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

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the

Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as ~~[Indenture Trustee]~~**BNY Trust Company of Canada** is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To

facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or

a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

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

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such

application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any **relevant** jurisdiction ~~in which any part of the Issuer's property may at the time be located~~, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as

effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any **Class,** Series~~, Class~~ or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such **Class,** Series~~, Class~~ or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable **Classes,** Series~~, Classes~~ and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any

applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any **Class,** Series~~, Class~~ or Tranche, of all ~~Series of~~ Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular **Class,** Series~~, Class~~ or Tranche, of all ~~Series of~~ Issuer Funding Obligations**, [of Controlling Class Obligations of a Series]** or of all Controlling Class Obligations **(each of such groups of Debtholders being a "Debtholder Group")**, as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, convene a meeting of the Debtholders of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the ~~Series, Class or Tranche~~**applicable Debtholder Group** to which such meeting relates~~, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~ and to the Issuer, unless the meeting has been

called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of ~~the Debtholders of a Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**a Debtholders Group**, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the ~~Series, Class or Tranche, of all Series of~~ Issuer Funding Obligations ~~or of all Controlling Class Obligations, as the case may be,~~**of the applicable Debtholder Group** entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the

Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of ~~that Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**the applicable Debtholder Group**. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such **Class,** Series~~, Class~~ or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the **Class,** Series~~, Class~~ or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such **Class,** Series~~, Class~~ or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such **Class,** Series~~, Class~~ or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the **Class,** Series~~, Class~~ or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized

by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of ~~all~~**the** Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all ~~Series~~**Classes** of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable

bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest ~~(other than Permitted Liens)~~.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations~~**Debtholder Group** which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations,~~**Debtholder Group** in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** will be binding upon all of the Debtholders of such ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that **Class,** Series~~, Class~~ or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that **Class,** Series~~, Class~~ or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series~~, Class~~ or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any **Class,** Series~~, Class~~ or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional ~~or alternative~~ forms of Credit Enhancement for any **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such

amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such

amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the ~~Adjusted~~ Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any **Class,** Series~~, Class~~ or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such **Class,** Series **or Tranche** with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section

9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular **Class,** Series~~, Class~~ or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program

Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

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

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the ~~Refinancing~~**redemption, repayment or repurchase** of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer

will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more **Classes,** Series~~, Classes~~ or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any **Class,** Series~~, Class~~ or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the ~~[■]~~[7] **Indenture Trustee**, as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

[7] ~~OPG to confirm.~~

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) ~~[~~prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;~~]~~[8]

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others

[8] ~~To discuss financial statement requirements.~~

that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited ~~[consolidated~~ financial statements of the Issuer~~]~~ for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, ~~[~~unaudited ~~consolidated~~ financial statements of the Issuer~~]~~ for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.[9]

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year **and that no Event of Default has occurred (without regard to any grace period or requirement of notice)**, or, if there has been a material default in the fulfillment of any such condition or covenant **or an Event of Default has occurred** (without regard to any grace

[9] ~~To discuss financial statement requirements.~~

period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such **Classes,** Series~~, Classes~~ or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each

applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any **Class,** Series~~, Class~~ or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to

provide to any Noteholder of such **Class,** Series~~, Class~~ or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

~~[Issuer]~~**Fair Hydro Trust**
c/o Ontario Power Generation Inc.
~~100~~**700** University Avenue~~, 11th Floor~~
Toronto, Ontario M5~~J 2Y~~**G** 1**X6**

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

with copies to:

~~[Issuer Trustee]~~**Computershare Trust Company of Canada**, in its capacity as Issuer Trustee for ~~[Issuer]~~
~~[Address]~~

Fair Hydro Trust
100 **University Avenue**, 11th Floor
Toronto, Ontario M5J 2Y**1**

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

~~[■]~~

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

~~**[Indenture Trustee]**~~
~~**[Address]**~~
Attention: ~~[■]~~**Corporate Trust Services**
Fax: ~~[■]~~**(416) 360-1711**

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile

or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any **Class,** Series~~, Class~~ or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series~~, Class~~ or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series~~, Class~~ or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 ~~16.02~~ U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.04 ~~16.03~~ Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 ~~16.04~~ Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any **Class,** Series~~, Class~~ or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such **Class,** Series~~, Class~~ or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such **Class,** Series~~, Class~~ or Tranche specifying (i) the date upon which final payment of such **Class,** Series~~, Class~~ or Tranche will be made upon presentation and surrender of Notes of such **Class,** Series~~, Class~~ or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any **Class,** Series~~, Class~~ or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any ~~Issuer~~**Series** Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any ~~Issuer~~**Series** Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 ~~16.05~~ Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by,

directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 ~~16.06~~ Delivery of Executed Copies

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

[Signature page to follow]

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

~~[ISSUER]~~**COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, as Indenture Trustee and not in its individual capacity

By:

Name:
Title:

Schedule A
DEFINED TERMS

"**Act**" means *Ontario Fair Hydro* ***Plan*** *Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

~~"**Adjusted Outstanding Dollar Principal Amount**" means, at any time with respect to any Series, Class or Tranche of Notes, the Outstanding Dollar Principal Amount of all Outstanding Notes of such Series, Class or Tranche at such time, less any funds on deposit in any Issuer Account or the related Sub-Account, as applicable, for the benefit of such Series, Class or Tranche at such time.~~

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default~~, (b~~ **or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c**) materially adversely affect the amount or timing of payments to be made to the Specified Creditors **(other than Debtholders and Derivative Counterparties)** pursuant to this Indenture or any Program Agreement, or (~~c~~**d**) adversely affect the Security Interest ~~unless otherwise permitted by this~~**and the rights and remedies of the** Indenture~~.~~ **Trustee in respect thereof.**

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any **Class,** Series~~, Class~~ or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in ~~the Collection Account, any Finance Reserve Account and any Capital Reserve~~**any Issuer** Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; ~~and~~ (b) the IESO Carrying Cost Payments**; and (c) amounts received by the Issuer pursuant to Derivative Agreements**.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means ~~(a)~~ any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed~~, or (b) for purposes of any particular Series, Class or Tranche of Notes, any other day specified in the applicable Supplemental Indenture~~.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes ~~of any Tranche~~ issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

~~"**Capital Reserve Account**" has the meaning specified in subsection 7.02(c).~~

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" ~~means, with respect to any Issuer Funding Obligation, the class specified in the Related Funding Obligation Agreement~~ **or "Class of Issuer Funding Obligations" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations [and the Derivative Funding Obligations], each of which shall be a class of Issuer Funding Obligations.**

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

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

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at ~~[■]; Telephone: [■]; Facsimile: [■],~~**One York Street, 6th Floor, Toronto, Ontario M5J 0B6,** or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"Debtholder Group" has the meaning specified in subsection 10.01(a)

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

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"Deferred Principal Accumulation Amount" means, on any Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

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

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by

S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any **Class,** Series~~, Class~~ or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"Fair Hydro Regulations" means the regulations made under the Act including Ontario regulations 206/17 and 195/17

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

~~"**Finance Reserve Account**" has the meaning specified in subsection 7.02(d).~~

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Funding ~~Obligations~~Obligation**" has the meaning ascribed to the term "funding ~~obligations~~**obligation**" in the Act as of the date of this Indenture.

"**Global Note**" means any Note issued pursuant to Section 3.04.

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

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

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

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a ~~Class~~**Series** or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a **Class,** Series~~, Class~~ or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche plus the aggregate initial principal amount of any additional Notes of such **Class,** Series~~, Class~~ or Tranche, and (b) with respect to a **Class,** Series~~, Class~~ or Tranche of Discount Notes~~ or~~ that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"Interest Accrual Amount (Junior Subordinated)" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(xiii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a).

"Interest Accrual Amount (Senior)" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(iii)(A).

"Interest Accrual Amount (Subordinated)" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(viii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b).

"Interest Accumulation Account" has the meaning specified in subsection 7.02(b).

"Interest Payment Date" means each Business Day which is an "Interest Payment Date" in respect of any Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

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

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the ~~Collection Account, the Refinancing Account, all Finance Reserve Accounts, all Capital Reserve~~**Program Accounts and the Series** Accounts and ~~all Supplemental Reserve Accounts,~~ including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series~~, Class~~ or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

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

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any **Class,** Series~~, Class~~ or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to

any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust **or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust**).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

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

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be

references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, **Senior** Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only **Senior** Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. **Senior** Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any ~~Class or Tranche of~~ Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such ~~Class~~**Series** or Tranche at such time, less the amount of any ~~withdrawals from any Issuer Account or Sub-Account for such Class or Tranche of Notes for payment~~**payments** of principal to the holders of such ~~Class or Tranche~~**Series** of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such ~~Class or Tranche~~**Series** of Notes due to the issuance of additional Notes of such ~~Class or Tranche pursuant to Article V~~**Series**.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any **Class,** Series~~, Class~~ or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche at such time, less the amount of any ~~withdrawals from any Issuer Account or Sub-Account for such Series, Class or Tranche of Notes for payment~~**payments** of principal to the holders of such **Class,** Series~~, Class~~ or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series~~, Class~~ or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series~~, Class~~ or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series~~, Class~~ or Tranche or the applicable Derivative Counterparty~~ and accretions of principal~~, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such **Class,** Series~~, Class~~ or Tranche of Notes due to the issuance of additional Notes of such **Class,** Series~~, Class~~ or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means~~, with respect to any Series of Issuer Funding Obligations,~~ the 15th day of each calendar month~~ or the date otherwise specified in the Related Funding Obligation Agreement~~.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;~~ and~~

(c) the Security Interest**; and**

(d) any Lien created pursuant to a Co-Owner Agreement.

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

"**Place of Payment**" means, with respect to any **Class,** Series~~, Class~~ or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such **Class,** Series~~, Class~~ or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"Principal Accumulation Account" has the meaning specified in subsection 7.02(c).

"Principal Accumulation Amount" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Funding Obligation Agreement in respect of such Series plus any amounts specified in the Funding Obligation Agreement in respect of such Series in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; *provided* that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"Principal Accumulation Amount (Junior Subordinated)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"Principal Accumulation Amount (Senior)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations for such Payment Date.

"Principal Accumulation Amount (Subordinated)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"Principal Accumulation Date" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"Principal Payment Date" means each Business Day which is a "Principal Payment Date" under a Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"Program Account" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account and the Refinancing Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"Program Cash Reserve Account" has the meaning specified in subsection 7.02(g).

"Program Cash Reserve Balance" means, at any time, the amount on deposit in the Program Cash Reserve Account.

"Program Cash Reserve Required Amount (Junior Subordinated)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Senior)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Subordinated)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Total)" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).

"Program Cash Reserve Required Deposit Amount (Junior Subordinated)" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.

"Program Cash Reserve Required Deposit Amount (Senior)" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.

"Program Cash Reserve Required Deposit Amount (Subordinated)" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding **Class,** Series~~, Class~~ or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series~~, Class~~ or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any

specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any Outstanding Notes immediately before the taking of such action, **[or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action]**, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"Refinancing Notice" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a ~~Class~~**Series** or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"Required Principal Accumulation Amount (Senior)" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"Required Principal Accumulation Amount (Subordinated)" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any ~~authorized~~ director or officer of the Manager; (b) the Servicer, any ~~authorized~~ director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"Senior Principal Shortfall" has the meaning specified in subsection 7.07(b).

"**Senior Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any **Class of** Issuer Funding Obligation, the Series **of the Class** specified in the Related Funding Obligation Agreement.

"Series Account" means each Series Finance Reserve Account and each Series Capital Account.

"Series Finance Reserve Account" has the meaning specified in subsection 7.02(g).

"Series Capital Account" has the meaning specified in subsection 7.02(f).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"Subordinated/Senior Principal Shortfall" has the meaning specified in subsection 7.07(a).

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any ~~Classes and~~ Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

~~"**Supplemental Reserve Account**" means the trust account or accounts designated as such and established pursuant to subsection 7.02(e).~~

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act ~~[~~as of the date of this Indenture.~~]~~.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" ~~has the meaning specified in the applicable~~**means all amounts payable upon early termination of any** Derivative Agreement **calculated in accordance with the terms of such Derivative Agreeement**.

"**Terms Document**" means, with respect to any ~~Class or~~ Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any ~~Class~~**Series** of Notes, Notes of such ~~Class~~**Series** which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes ~~of any Tranche~~ issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit

facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.]

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Total changes	1300

Draft Date: November 7, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2
1.1 Definitions 2
1.2 Sections and Headings 7
1.3 Extended Meanings 7

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET 8
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 8
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 9

ARTICLE 3 ROLE OF THE SERVICER 11
3.1 Designation of Servicer 11
3.2 Forecasts and Other Information 11
3.3 Clean Energy Adjustments and Electricity Vendors 11
3.4 Reporting 13
3.5 Remittances 14
3.6 Limits to Obligations 14
3.7 Servicing and Maintenance Standards 15
3.8 Appointments 15
3.9 Term 16
3.10 Resignation of Servicer 16
3.11 Mergers 16
3.12 The IESO Not to Resign as Servicer 17
3.14 IESO Security for CEA Remittances 17

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO 18
4.1 Representations and Warranties 18
4.2 Survival 20

ARTICLE 5 COVENANTS OF THE IESO 20
5.1 Existence 20
5.2 No Transfer or Liens 20
5.3 Notice of Liens 20
5.4 Compliance with Law 21
5.5 Covenants Related to the Investment Interest 21
5.6 Non-petition Covenants 21
5.7 Disclosure 21
5.8 Further Assurances 22
5.9 Access to Certain Records and Information 22
5.10 Maintenance of Operations 22
5.11 Acknowledgement of Indenture ..... **Error! Bookmark not defined.**

ARTICLE 6 IESO INDEMNITIES 22
6.1 Liability of the IESO; Indemnities 22

TABLE OF CONTENTS
(continued)

Page

ARTICLE 7 SERVICER DEFAULT 24
7.1 Servicer Default 24
7.2 Appointment of Successor Servicer 25
7.3 Waiver of Past Defaults 26
7.4 Notice of Servicer Default 26
7.5 Cooperation with Successor Servicer 26
ARTICLE 8 MISCELLANEOUS 26
8.1 Amendment 26
8.2 Withholding Rights 27
8.3 No Partnership 27
8.4 Notices 27
8.5 Assignment 28
8.6 Limitations on Rights of Third Parties 28
8.7 Severability 28
8.8 Separate Counterparts; Electronic Delivery 28
8.9 Governing Law 28
8.10 Grant of Security Interest to Indenture Trustee 28
8.11 Limitation of Liability of the Issuer Trustee 29
8.12 Waivers 30

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

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

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

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

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

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

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.9;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

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

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

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

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a

binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by bank wire transfer or bank electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO

officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in this Agreement or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a); and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, that is in the possession or control of the Transferor or which is available on request to the Transferor, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments:

(i) provide guidance to the Electricity Vendors with respect to their obligations under the Act to establish a segregated account into which

Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) provide a suggested form of Electricity Vendor Billing Period Report to be used by such Electricity Vendors;

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to such forms and guidance.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and

the amount received pursuant to Section 3.3(d), and such other discrepancies as may be agreed by the parties hereto, acting reasonably;

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report, or

(iv) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) Report monthly to the Issuer any failure on the part of Electricity Vendors to deliver, remit or certify referred to in (j)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the explanation provided therefor by the Electricity Vendor.

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.6.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO;

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to

the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.7 Servicing and Maintenance Standards

Subject to Section 3.6, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.8 Appointments

The Servicer may at any time appoint any Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.10.

3.9 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.10 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the

other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer on a monthly basis.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors

which are either not rated or are rated less than investment grade to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.6, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or

any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda,

prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount

paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.10 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the

Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

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

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors

against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in

their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

[**NTD: form to be settled]**

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **2**
1.1 Definitions 2
1.2 Sections and Headings 7
1.3 Extended Meanings 7

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET **8**
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 8
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 9

ARTICLE 3 ROLE OF THE SERVICER **11**
3.1 Designation of Servicer 11
3.2 ~~Forecast of Electricity Consumption~~ ~~11~~**Forecasts and Other Information** **11**
3.3 Clean Energy Adjustments and Electricity Vendors 11
3.4 Reporting 13
3.5 Remittances 14
3.6 Limits to Obligations 14
3.7 Servicing and Maintenance Standards 15
3.8 Appointments 15
3.9 Term ~~15~~**16**
3.10 Resignation of Servicer 16
3.11 Mergers 16
3.12 The IESO Not to Resign as Servicer 17
3.14 IESO Security for CEA Remittances ~~17~~**18**

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO **18**
4.1 Representations and Warranties 18
4.2 Survival 20

ARTICLE 5 COVENANTS OF THE IESO **20**
5.1 Existence 20
5.2 No Transfer or Liens 20
5.3 Notice of Liens ~~20~~**21**
5.4 Compliance with Law ~~20~~**21**
5.5 Covenants Related to the Investment Interest ~~20~~**21**
5.6 Non-petition Covenants 21
5.7 Disclosure ~~21~~**22**
5.8 Further Assurances ~~21~~**22**
5.9 Access to Certain Records and Information ~~21~~**22**
5.10 Maintenance of Operations 22
5.11 Acknowledgement of Indenture **22**

ARTICLE 6 IESO INDEMNITIES **22**

TABLE OF CONTENTS
(continued)

Page

6.1 Liability of the IESO; Indemnities 22

ARTICLE 7 SERVICER DEFAULT ..... ~~23~~24
7.1 Servicer Default ..... ~~23~~24
7.2 Appointment of Successor Servicer ..... ~~25~~26
7.3 Waiver of Past Defaults ..... ~~25~~26
7.4 Notice of Servicer Default ..... ~~26~~27
7.5 Cooperation with Successor Servicer ..... ~~26~~27

ARTICLE 8 MISCELLANEOUS ..... ~~26~~27
8.1 Amendment ..... ~~26~~27
8.2 Withholding Rights ..... ~~26~~27
8.3 No Partnership ..... ~~26~~27
8.4 Notices ..... ~~26~~28
8.5 Assignment ..... ~~27~~28
8.6 Limitations on Rights of Third Parties ..... ~~27~~28
8.7 Severability ..... ~~28~~29
8.8 Separate Counterparts; Electronic Delivery ..... ~~28~~29
8.9 Governing Law ..... ~~28~~29
8.10 Grant of Security Interest to Indenture Trustee ..... ~~28~~29
8.11 Limitation of Liability of the Issuer Trustee ..... ~~28~~29
8.12 Waivers ..... ~~29~~30

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

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

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to **by the applicable Electricity Vendor**;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

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

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

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

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

"Prescribed Period" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.9;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings[1]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration

[1] ~~Torys to conform boilerplate provisions, as applicable, across all transaction documents.~~

means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

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

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

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

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by bank wire transfer or bank electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same

force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) **immediately** after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in this Agreement or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2 (a); and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, **that is in the possession or control of the Transferor or** which is ~~reasonably~~ available **on request** to the Transferor, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments:

(i) provide guidance to the Electricity Vendors with respect to their obligations under the Act to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) provide a suggested form of Electricity Vendor Billing Period Report to be used by such Electricity Vendors;

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to such forms and guidance.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.3(d)**, and such other discrepancies as may be agreed by the parties hereto, acting reasonably**;

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report, or

(iv) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the

benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) Report monthly to the Issuer any failure on the part of Electricity Vendors to deliver, remit or certify referred to in (j)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the explanation provided therefor by the Electricity Vendor.

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ~~[five]~~**ten** Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ~~[five]~~**ten** Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received ~~during a Billing Period~~**on or subsequent to a Remittance Date** shall be remitted by the Servicer to the Collection Account no later than the ~~Remittance Date~~ immediately following ~~such Billing Period~~**Remittance Date**.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.6.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO;

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the

taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.7 Servicing and Maintenance Standards

Subject to Section 3.6, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.8 Appointments

The Servicer may at any time appoint any Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.10.

3.9 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.10 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has

assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) ~~During the period~~**The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the** prescribed

~~by~~**period set out in the** Regulations (the "**Prescribed Period**")~~, the IESO shall, as required~~ **and agrees to comply with its obligations** under the Regulations~~,~~ **to** pay and remit **the Carrying Costs** to the Issuer on a monthly basis~~ the Carrying Costs~~.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly ~~Carry~~**Carrying** Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO**, and such entry shall be deemed to be a certification of the accuracy of the amount entered**.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors~~,~~ **which are either not rated or are rated less than investment grade** to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.6, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate

power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under~~,~~ **this Agreement** or the Act or the validity or enforceability of~~,~~ this Agreement ~~or the Act~~.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under~~,~~ **this Agreement or the Act** or the validity or enforceability of~~,~~ this Agreement ~~or the Act~~.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest**, except for any Lien granted by the Issuer to the IESO**.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for ~~passive~~ investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

~~**5.11 Acknowledgement of Indenture**~~

~~The IESO acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture.~~

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer~~, the Manager~~ and each of ~~their respective~~**its** trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed

counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.10 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

~~**[Note to Draft: The Indenture Trustee has been removed as a party to this Agreement on the understanding that a separate acknowledgement and indemnity will be entered into between the IESO and the Indenture Trustee in which the IESO acknowledges the Indenture Trustee's right to enforce this Agreement, and in which the IESO provides an similar indemnity to that above in favour of the Indenture Trustee on behalf of the Specified Creditors.]**~~

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three~~] [NTD: Rating Agencies will expect 2-3 days~~]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment

Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and

liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition**, such satisfaction to be confirmed by the Issuer at the time of such amendment**. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports

and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

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

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units

of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Subject to continuing review by the Dealers and their counsel.]

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.4(a) of the Master Transfer and Servicing Agreement the Servicer hereby certifies in the date hereof and in respect of the period subsequent to the preceding Remittance Date, as follows:

	Item	Amount
(A)	CEA Consumer Invoice Amounts:	$■
(B)	Servicer CEA Receipts:	$■
	Comprised of:	
	Electricity Vendor CEA Collections:	$■
	IESO direct CEA collections:	$■
(C)	Actual Monthly Consumption of Specified Consumers:	■
(D)	Balance of IESO Segregated Account:	$■

~~LDC Name~~	~~Billed Amount~~	~~Remitted Amount~~	~~Difference~~
~~LDC 1~~	~~$xx~~	~~$yy~~	
~~LDC 2~~			
~~LDC 70~~			

~~Shortfall $~~

~~Delinquency Amount $~~

[**NTD:** ~~**Any additional information considered necessary for OPG/IESO to be included.**~~**form to be settled**]

~~DATED this ■ day of ■, 20■.~~

~~**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**~~
~~**as Servicer**~~

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

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

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on November-08-17 9:02:13 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Master_Transfer_and_Servicing_Agreement (Osler_Torys comments on IESO_SE....docx
Description	Master_Transfer_and_Servicing_Agreement (Osler_Torys comments on IESO_SE...
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Province\MTSA (November 7th Rating Agency Draft).DOCX
Description	MTSA (November 7th Rating Agency Draft)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	79
Deletions	139
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	222

Draft Date: November 7, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) **"Electricity Vendor"** shall mean a licensed distributor and a licensed retailer, each as defined in the Ontario Fair Hydro Act.

(f) "**Money**" shall have the meaning attributed to such term in the PPSA;

(g) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(h) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(i) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(j) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(k) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto;

(l) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court,

this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and

warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and,

upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor,

sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and

privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
[Address]

Attention: ■
Email: ■
Facsimile: ■

In the case of the Secured Party:

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■
Facsimile: ■

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of the Grantor, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. **Grantor's exact legal name: Independent Electricity System Operator**

   ■ [French]

2. **Grantor's jurisdiction of incorporation: Ontario**

3. **Grantor's registered office address: ■**

4. **Location of Grantor's business operations and records: ■**

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

●
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Senior Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchasers 3
3.2 Delivery 4
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount 4
3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination 8
3.5 Increases and Reductions of the Commitments 8
3.6 Interest; Fees and Other Amounts 9
3.7 Repayment of Principal 9
3.8 Indemnification by the Issuer 10
3.9 Funding Agents 10
3.10 Taxes 11
3.11 Increased Costs 12

ARTICLE 4 CONDITIONS PRECEDENT 13
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes 13
4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes 15

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 16
5.1 Representations and Warranties of the Issuer 16
5.2 Representations and Warranties of the Purchasers 16
5.3 Survival 16

ARTICLE 6 COVENANTS 17
6.1 Covenants of the Issuer 17

ARTICLE 7 AGENTS 17
7.1 Administrative Agent 17
7.2 Funding Agents 20

ARTICLE 8 GENERAL 22
8.1 Successor and Assigns 22
8.2 Waiver 25
8.3 Notice 25

TABLE OF CONTENTS
(continued)

Page

8.4 No Waiver: Remedies 25
8.5 Entire Agreement 25
8.6 Governing Law and Attornment 26
8.7 Acknowledgment of Trust Indenture and No Proceedings 26
8.8 Expenses 26
8.9 Further Assurances 26
8.10 Confidentiality 27
8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions 28
8.12 Limitation of Liability of Issuer Trustee 28
8.13 Execution in Counterparts 29
8.14 Delivery of Executed Copies 29

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust

Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Classes or Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;

(k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(l) will have each Payment Date as an Interest Payment Date;

(m) will have a Principal Payment Due Date that is the Series 2017-1 Principal Payment Due Date;

(n) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default Date; and

(o) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to [**December 15, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with

a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3:00 p.m.]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $**[1,000,000]** or more, or (B) if less than $[1,000,000], the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase

Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date. [**NTD: the definition of "Non-Deferrable Draw Amount"**

includes a percentage (currently [10]%) that represents the amount that cannot be deferred by the dealers. OPG should make a proposal as to this percentage.]

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) in the following order of priority:

(i) As to an amount equal to ●% of the amounts paid to pursuant to Sections 3.3(d) and 3.3(f), by deposit to the Program Cash Reserve Account; and

(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $**[10,000,000]** or a whole multiple of $**[1,000,000]** in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be

subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.08(a)(i) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Notes pursuant to Sections 7.04(e)(iii) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Notes:

(i) for each Payment Date before the Principal Accumulation Date, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; and

(ii) for each Payment Date on or after the Principal Accumulation Date, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount

for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Notes. On each Principal Payment Date in respect of the Series 2017-1 Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections **7.04(e)(iv)(A), 7.06(a) or 8.13(d)** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer indemnified person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04] or [8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding

Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Person's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Person of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Person or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Person, or credit extended by an Affected Person pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Person of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Person's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Person under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) of a written request therefore to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii)

relating to any period ending, and of which such Affected Party has had knowledge, more than one year prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

(b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter, this Supplemental Indenture, the Manager Indemnity and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;

(v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administration Agent and the Funding Agents;

(viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(ix) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(d) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full [**(or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made)**]. [**NTD**: to be discussed]

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed; and

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than [49]% of the aggregate outstanding principal amount of all Issuer Funding Obligations.

(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

ARTICLE 7
AGENTS

7.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other

powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent

has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

7.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to

ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 8.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all

distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a

multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Asset.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent, the Issuer or the Administrator; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or an Group Bank

from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

8.2 Waiver

Without limiting the requirements of Section **[11.02]** of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article **[15]** of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

- ●

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

hereof except as specifically set forth in this Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.06]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the

existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

8.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that ● Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for

the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.13 Execution in Counterparts

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

8.14 Delivery of Executed Copies

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

[signature page follows]

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

[FAIR HYDRO TRUST], as Issuer

ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

● **TRUST COMPANY OF CANADA**, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

●,

By: _____
Name:
Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means the outstanding Dollar Principal Amount of all Funding Obligations of the Series 2017-1 Senior Notes have been declared or automatically become due and payable pursuant to Section **[8.02]** of the Trust Indenture.

"**Administrative Agent**" shall have the meaning specified in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (c) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

"**Billing Period**" has the meaning specified in the Master Transfer and Servicing Agreement;

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000

definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Code**" is defined in Section 3.10(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed

Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having short-term debt ratings of at least "A-1" from Standard & Poor's and "P-1" from Moody's.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" shall have the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Fee Letter**" means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 8.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

"**Issuer indemnified person**" is defined in Section 3.8.

"**Issuer indemnified person**" is defined in Section 3.8

"**Manager Indemnity**" means an indemnity agreement from the Manager in favour of the Purchaser Groups, the Funding Agents and the Administrative Agent with respect to losses resulting from the failure of the Issuer to perform its obligations under the Program Agreements other than losses resulting from insufficient funds being transferred to the Issuer, in form and substance satisfactory to the Purchaser Groups, the Funding Agents and the Administrative Agent.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 8.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) **[10]**% of the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date. [**NTD: The percentage in (a)(x) above is intended to represent the non-deferrable amount.]**

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its "prime rate."

"**Principal Accumulation Amount**" means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) $●, and (y) the Series 2017-1 Principal Amount.

"**Principal Accumulation Date**" means the Payment Date occurring in the month of ●, [2021].

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 8.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the

reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ●, as such date may be extended in accordance with Section 3.5(c). [**NTD: two years out.]**

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Principal Payment Due Date**" means ●. [**NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?**]

"**Series 2017-1 Principal Payment Default Date**" means ●. [**NTD: the "cure period" number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]**

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(c).

"**Transferee**" is defined in Section 8.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

●

From:	Whitfield, Tobias P. (MOF)
To:	Anna Strathy; Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Hresa Gavaris; John Psinas
Subject:	FW: Fair Hydro -- Revised MTSA and IESO Security Agreement
Date:	Thursday, October 26, 2017 1:55:38 PM
Attachments:	#24367979v3_TorysAtWork_ - Fair Hydro - MTSA (Osler Oct 20 Draft).DOCX Blackline_Fair Hydro - Master Transfer Servicing Agreement (Alternative Funding Rebate Regulation Version) - 24367979v3.pdf IESO Security Agreement.docx #23425981v13_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture.docx Fair Hydro – Form of ISDA Schedule.docx

FYI, Please see attached additional and revised documentation from OPG, including:

1 – Master Transfer and Servicing Agreement;
2 – IESO Security Agreement;
3 – Master Trust Indenture; and
4 – ISDA Schedule

We are still waiting on the Supplemental Indenture for the term debt.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: October 25, 2017 12:12 PM
To: Mansoori, Nina; Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com
Cc: Feldman, Michael; Olusoga, Yinka; Saulnier, Brett; Ramchandani, Rima; WONG Leslie -LAWDIV; 'LEE John -TREASURY'; RYFA Ken -TREASURY
Subject: RE: Fair Hydro -- Revised MTSA and IESO Security Agreement

Malle and team, attached is a revised draft of the MTSA (clean and blacklined to the prior draft circulated to Steve), together with an initial draft of the IESO security agreement (as a reminder, in order to achieve a AAA rating in light of the moratorium period, it has been proposed that IESO enter into this security agreement in favour of the financing entity as security for the performance of its regulatory obligation to pay carrying costs during the moratorium).

FYI, these documents are currently under review by the IESO and Stikeman.

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Mansoori, Nina
Sent: October-24-17 5:21 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; STEPHEN.ASHBOURNE@blakes.com
Cc: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Form of ISDA Schedule

All,

We attach a draft Schedule for an ISDA Master Agreement to be used for hedging purposes in connection with the issuance of Fair Hydro debt. This draft is subject to the working group's review and comment.

Best Regards,
Nina

Nina Mansoori
P. 416.865.7332

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MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

- and -

■
as Indenture Trustee

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2
1.1 Definitions 2
1.2 Sections and Headings 8
1.3 Extended Meanings 8

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET 9
2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset 9
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 10

ARTICLE 3 ROLE OF THE SERVICER 11
3.1 Designation of Servicer 11
3.2 Forecast of Electricity Consumption 12
3.3 ISO Deferral 12
3.4 Clean Energy Adjustments and Electricity Vendors 12
3.5 Reporting 14
3.6 Remittances 15
3.7 Limits to Obligations 15
3.8 Servicing and Maintenance Standards 16
3.9 Appointments 16
3.10 Term 16
3.11 Resignation of Servicer 17
3.12 Mergers 17
3.13 The IESO Not to Resign as Servicer 17
3.15 IESO Security for CEA Remittances 18

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO 18
4.1 Representations and Warranties 18
4.2 Survival 20
4.3 Limitations on Representations and Warranties 21

ARTICLE 5 COVENANTS OF THE IESO 21
5.1 Existence 21
5.2 No Transfer or Liens 21
5.3 Notice of Liens 21
5.4 Compliance with Law 21
5.5 Covenants Related to the Investment Interest 21
5.6 Non-petition Covenants 22
5.7 Disclosure 22
5.8 Further Assurances 22
5.9 Access to Certain Records and Information Regarding Investment Interest 23
5.10 Maintenance of Operations 23

ARTICLE 6 IESO INDEMNITIES 23

TABLE OF CONTENTS
(continued)

Page

6.1 Liability of the IESO; Indemnities 23

ARTICLE 7 SERVICER DEFAULT 25
7.1 Servicer Default 25
7.2 Appointment of Successor Servicer 26
7.3 Waiver of Past Defaults 27
7.4 Notice of Servicer Default 27
7.5 Cooperation with Successor Servicer 28

ARTICLE 8 MISCELLANEOUS 28
8.1 Amendment 28
8.2 Withholding Rights 28
8.3 No Partnership 28
8.4 Notices 28
8.5 Assignment 29
8.6 Limitations on Rights of Third Parties 29
8.7 Severability 30
8.8 Separate Counterparts; Electronic Delivery 30
8.9 Governing Law 30
8.10 Grant of Security Interest to Indenture Trustee 30
8.11 Limitation of Liability of Indenture Trustee 30
8.12 Limitation of Liability of the Issuer Trustee 30
8.13 Waivers 31

EXHIBIT

Exhibit A – Form of Transfer Notice

Exhibit B – Form of Monthly Report

Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

- and -

[INDENTURE TRUSTEE], a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer a Specified Portion of the Regulatory Asset to the Issuer on a fully-serviced basis, and pursuant to Section 26(3) of the Act, such a Transfer results in (i) a reduction in the balance in the Fair Hydro Variance Account, (ii) the corresponding adjustment of the Regulatory Asset, and (iii) the acquisition by the Issuer of an Investment Interest corresponding to the Specified Portion of the Regulatory Asset;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer desires to be so engaged;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors (as defined in the Indenture) and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement.

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

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

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" has the meaning ascribed thereto in Section **[8.02(a)]**[1] of the Indenture;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(s) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be agreed to.

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

1 All cross-references to the Indenture to be conformed to the final version of the Indenture.

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

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

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

[NTD: The Issuer may at some point have to publicly file this Agreement, and a copy of it will be circulated to the rating agencies. Therefore, it seems prudent not to include IESO bank account details in the Agreement.]

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section means the account established under Section 3.4(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise

acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture, and delivered to the Indenture Trustee;

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

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(a);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Released Parties**" has the meaning ascribed thereto in Section 6.1(f);

"**Remittance Date**" means, in respect of each Billing Period, the **[3rd]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means ■; **[NTD: Definition to tie to loss of investment grade credit rating.]**

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; (c) a Successor Servicer, any authorized director or officer of the Successor Servicer; and (d) the Indenture Trustee, any officer of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject);

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section ■;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(a) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings[2]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

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

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

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

2 Torys to conform boilerplate provisions, as applicable, across all transaction documents.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset

(a) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(b) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset subject to the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(c) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by bank wire transfer or bank electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(c) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(d) Upon receipt by the Transferor of the payment referred to in Section 2.1(c), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the corresponding Issuer Investment Interest.

(e) The parties intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to

in Section 2.1(d), of a Specified Portion of the Regulatory Asset and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer and the Indenture Trustee, of the following conditions:

(i) the Issuer and the Indenture Trustee shall have received from the Transferor the following documents, in form and substance satisfactory to each of the Issuer and the Indenture Trustee:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Indenture Trustee, the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer and the Indenture Trustee of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and the Indenture Trustee and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) on or prior to the applicable Closing Date, the Transferor shall have taken all action required to provide for the Transfer, upon payment of the Purchase Price, of the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice on the Closing Date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Program Agreements;

(v) the Transferor shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(i), (ii), (iii) and (iv);

(vi) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vii) after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a specified portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled to receive any further compensation from the Issuer for its services in connection therewith. The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Forecast of Electricity Consumption

The IESO shall:

(a) provide to the Board and the Financial Services Manager the forecasts of electricity consumption by Specified Consumers as contemplated by Section 8(3) of the Regulations; and

(b) provide to the Board and the Financial Services Manager such other information and reports as the Board or the Financial Services Manager may reasonably request in connection with the calculation of the Clean Energy Adjustments and which is reasonably available to the Transferor without incurring material incremental expense.

3.3 ISO Deferral

The IESO shall:

(a) determine the IESO Deferral as required by Section 23 of the Act and the Regulations; and

(b) maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, make reasonable efforts to work with each Electricity Vendor to:

(i) establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor; and

(iii) establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; **[NTD: Generally, someone will need to take responsibility for educating the Electricity Vendors and we believe the IESO is best positioned to take on this role given its existing relationships and opportunities to interact with the EVs.]**

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within [two Business Days] of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within ■ Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount remitted pursuant to Section 3.4(d);

(j) make reasonable efforts to contact each Electricity Vendor that:

(i) does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) does not remit any Electricity Vendor CEA Collections in accordance with Section 3.4(d) or remits Electricity Vendor CEA Collections that do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iii) delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(iv) does not certify that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue;

(k) on a periodic basis as requested by the Issuer, review, pursuant to its rights under Section 10(4) of the Regulations, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments; provided that in the absence of evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Servicer shall not be required to review the records of a Electricity Vendor more often than ■.

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with this Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the **[8th Business Day]** following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) report to the Issuer any delinquencies by Electricity Vendors in respect of the CEA amounts collected and the remittance of Electricity Vendor CEA Collections;

(c) report to the Issuer any unresolved matters referred to in Section 3.4(j);

(d) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(e) upon the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Issuer Investment Interest or the Regulatory Asset, to the extent it is reasonably available to the Servicer and as may be

reasonably necessary and permitted by law, to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer during a Billing Period and any interest earned thereon shall be remitted by the Servicer to the Collection Account no later than the Remittance Date immediately following such Billing Period.

(b) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on each Business Day.

3.7 Limits to Obligations

Without in any way limiting the duties and obligations of the Servicer arising under the Act or the Regulations, the parties hereto agree the duties and obligations of the Servicer under this Agreement are limited as provided in this Section 3.7.

(a) The Servicer is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) The Servicer is not responsible for enforcing the obligations of Specified Consumers or Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts.

(c) The Servicer shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.

(d) The Servicer is under no responsibility or obligation to the Issuer with respect to whether the Clean Energy Adjustments funds remitted by the Servicer to Issuer during any or all periods is sufficient to satisfy the Issuer's obligations.

(e) The Servicer is under no obligation to initiate or prosecute any legal action relating to the collection of the Issuer Investment Interest.

3.8 Servicing and Maintenance Standards

(a) The Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance the Requirements of Law, including the Act and the Regulations and shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions. In furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with reasonable care and in material compliance with applicable Requirement of Laws, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to similar settlement activities on its own account.

(b) The Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(c) Neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Appointments

The Servicer may at any time appoint any Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.11.

3.10 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.11 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer, the Indenture Trustee and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Indenture Trustee and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer, the Indenture Trustee and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be

confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Indenture Trustee and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) During the period beginning on December 1, 2017 and ending on July 31, 2021, the IESO shall, as required under the Regulations, pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of Carrying Costs during the period beginning on June 1, 2017 and ending on July 31, 2021.

(b) On or before the 4th Business Day of each calendar month, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") setting out the amount of Carrying Costs in respect of the preceding calendar month ("**Monthly Carrying Costs**").

(c) On or before the 8th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth in the applicable Monthly Carrying Costs Statement.

3.15 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer and the Indenture Trustee, as security for any failure of Electricity Vendors, following [July 31, 2021], to remit the Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 4.3, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer and the Indenture Trustee will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and

authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties.

(f) No Proceedings. To the IESO's knowledge, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under, or the validity or enforceability of, this Agreement or the Act.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. At the date hereof and as of each applicable Closing Date, except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Regulatory Asset is true and correct in all material respects and does not omit any material facts.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Assets as set forth in the applicable Transfer Notice and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of an Investment Interest to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

4.3 Limitations on Representations and Warranties

Notwithstanding anything in this Agreement to the contrary, the IESO makes no representation or warranty with respect to the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts be sufficient to satisfy the Issuer's Funding Obligations.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) will keep in full force and effect its existence and remain validly existing under the laws of the Province of Ontario, and (b) will obtain and preserve its qualifications to do business in each jurisdiction in which such qualification is or will be necessary to protect the validity and enforceability of this Agreement and each other instrument or agreement to which the IESO is a party necessary for the proper administration of this Agreement and the transactions contemplated hereby.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, and will defend the right, title and interest of the Issuer and of the Indenture Trustee, on behalf of the Specified Creditors, in, to and under the Issuer Investment Interest against all claims of third parties claiming through or under the Transferor.

5.3 Notice of Liens

The IESO shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, the Investment Asset or Investment Interests, except to the extent that failure to so comply would not materially adversely affect the Issuer's or the Indenture Trustee's interests in the Issuer Investment Interest, the value of the Issuer Investment Interest, the timing or amount of Clean Energy Adjustments payable by Specified Consumers or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for passive investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portion of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents and represents that, except in respect information provided by a third party, all such information is, as at the respective dates of delivery to the Issuer, true and correct in all material respects, contains no misrepresentation and constitutes full, true and plain disclosure of all material facts relating to the IESO Disclosure.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information Regarding Investment Interest

The IESO shall provide to the Issuer and the Indenture Trustee access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer and the Indenture Trustee to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Specified Creditors), the Manager and each of their respective trustees, officers, directors, employees and agents (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against any such Person as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; and (ii) the IESO's breach of any of its representations or warranties under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO

suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO, or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.11 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the resignation or removal of the Indenture Trustee or the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

(f) Except to the extent expressly provided in this Agreement (including the payment of the Purchase Price), the IESO hereby releases and discharges the Issuer and each of its trustees, officers, directors and agents (collectively, the "**Released Parties**"), from any and all actions, claims and demands whatsoever, whenever arising, which the IESO, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Investment Interest or the IESO's activities with respect thereto, other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three] [NTD: Rating Agencies will expect 2-3 days]** Business Days after written notice of such failure is received by the Servicer from the Issuer or the Indenture Trustee or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement (other than as provided in Section 7.1(a)) or any other Program Agreement to which it is a party, which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or to the Servicer or the IESO, as the case may be, by the Indenture Trustee or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement or in any Monthly Report, shall prove to have been incorrect when made, which has a material adverse effect on the Issuer, the Indenture Trustee or any other Specified Creditor and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture

Trustee) by the Issuer or the Indenture Trustee or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Indenture Trustee shall, upon the instruction of the Specified Creditors as provided for under the Trust Indenture, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Specified Creditors) (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), the Specified Creditors and the Indenture Trustee (or any of their representatives) shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the

obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, and at the written direction and with the consent of the Specified Creditors as provided for under the Trust Indenture shall, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Indenture Trustee may, at the direction of Specified Creditors as provided for under the Trust Indenture, petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Indenture Trustee be liable for its appointment of a Successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.2(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in **[Section 8.02]** of the Indenture.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Indenture Trustee, with the written consent of Specified Creditors as provided for under the Trust Indenture, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, the Manager, the Indenture Trustee and the Rating Agencies promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO, the Issuer and the Indenture Trustee and with satisfaction of the Rating Agency Condition. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withholding from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer, the IESO or the Indenture Trustee will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

(c) in the case of the Indenture Trustee:

■
[Address]

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO, the Issuer and, to the extent provided herein or in the other Program Agreements, the Indenture Trustee (for its own benefit and for the benefit of the Specified Creditors) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

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

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of Indenture Trustee

It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Specified Creditors, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

8.12 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.13 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any

way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

[INDENTURE TRUSTEE]
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, on a fully serviced basis, the Specified Portion of the Regulatory Asset set out below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset set out below, on a fully serviced basis, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date, (i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly; and (ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any adverse claim, and shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Subject to continuing review by the Dealers and their counsel.]

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and by **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section ■ of the Master Transfer and Servicing Agreement the Servicer hereby certifies in respect of the Billing Period corresponding to the calendar month of ■, ■, as follows:

	Item	**Amount**
(A)	Servicer CEA Receipts:	$■
(B)	Balance of Collection Account:	$■

[NTD: Any additional information considered necessary for OPG/IESO to be included.]

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

		Amount
Funding costs:		$■
Derivative payments to be made:		$■
Amounts deposited into accounts other than capital accounts:		$■
Financing entity expenses:		$■
Tax liabilities:		$■
	Subtotal:	**$■**
LESS:		
Amounts withdrawn from accounts other than capital accounts:		
Derivative payments to be received:		
Tax refunds:		**$■**
	Subtotal:	**$■**
Monthly Carrying Costs		**$■**

In accordance with Section 3.14(b) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

~~Acknowledged~~ and ~~Accepted by~~

■
as Indenture Trustee

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **2**

1.1 Definitions 2

1.2 Sections and Headings 8

1.3 Extended Meanings 8

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET **9**

2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset 9

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset ~~11~~10

ARTICLE 3 ROLE OF THE SERVICER ~~13~~11

3.1 Designation of Servicer ~~13~~11

3.2 ~~Duties of Servicer Generally~~ ~~13~~Forecast of Electricity Consumption 12

3.3 ~~Remittances~~ ~~14~~ISO Deferral 12

3.4 ~~[Funding Rebates]~~ ~~15~~Clean Energy Adjustments and Electricity Vendors 12

3.5 Reporting ~~Functions~~ ~~16~~ 14

3.6 Remittances 15

3.7 Limits to Obligations 15

3.8 Servicing and Maintenance Standards 16

~~3.7~~ ~~Binding Effect of Servicing Obligations~~ ~~16~~3.9 Appointme

3.10 Term 16

~~3.8~~ ~~Limitation on Liability~~3.11 Resignation of Servicer ~~and Others~~ 17

3.12 Mergers 17

~~3.9~~3.13 The IESO Not to Resign as Servicer 17

3.15 IESO Security for CEA Remittances 18

~~3.10~~ ~~Appointments~~ ~~18~~

~~3.11~~ ~~Effective Period and Termination~~ ~~19~~

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO ~~19~~18

4.1 Representations and Warranties ~~19~~18

4.2 Survival ~~21~~20

4.3 Limitations on Representations and Warranties ~~22~~21

ARTICLE 5 COVENANTS OF THE IESO ~~22~~21

5.1 Existence ~~22~~21

5.2 No Transfer or Liens ~~22~~21

5.3 Notice of Liens ~~22~~21

5.4 Compliance with Law ~~22~~21

5.5 Covenants Related to the Investment Interest ~~23~~21

5.6 Non-petition Covenants ~~23~~22

5.7 Disclosure ~~24~~22

5.8 Further Assurances ~~24~~22

TABLE OF CONTENTS
(continued)

Page

5.9 ~~Co-Owner Agreements~~ ~~24~~
~~5.10~~ Access to Certain Records and Information Regarding Investment Interest ~~24~~23
~~5.11~~5.10 Maintenance of Operations ~~24~~23
ARTICLE 6 IESO INDEMNITIES ~~25~~23
6.1 Liability of the IESO; Indemnities ~~25~~23
ARTICLE 7 SERVICER DEFAULT ~~27~~25
7.1 Servicer Default ~~27~~25
7.2 Appointment of Successor Servicer ~~28~~26
7.3 Waiver of Past Defaults ~~29~~27
7.4 Notice of Servicer Default ~~29~~27
7.5 Cooperation with Successor Servicer ~~29~~28
ARTICLE 8 MISCELLANEOUS ~~30~~28
8.1 Amendment ~~30~~28
8.2 ~~Notices~~ ~~30~~Withholding Rights 28
8.3 ~~Assignment~~ ~~31~~No Partnership 28
8.4 Notices 28
8.5 Assignment 29
8.6 Limitations on Rights of Third Parties ~~31~~29
~~8.5~~8.7 Severability ~~31~~30
~~8.6~~8.8 Separate Counterparts; Electronic Delivery ~~31~~30
~~8.7~~8.9 Governing Law ~~32~~30
~~8.8~~ ~~Assignment~~8.10 Grant of Security Interest to Indenture Trustee ~~32~~30
~~8.9~~ ~~Limitation of Liability of Indenture Trustee~~ ~~32~~
~~8.10~~ ~~Limitation of Liability of the Issuer Trustee~~ ~~32~~
8.11 ~~Waivers~~ ~~33~~Limitation of Liability of Indenture Trustee 30
8.12 ~~Indenture Trustee Actions~~ ~~33~~
~~8.13~~ Limitation of Liability of the Issuer Trustee ~~34~~30
8.13 Waivers 31

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly ~~Funding Rebate~~Carrying Costs Statement

TABLE OF CONTENTS
(continued)

Page

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

- ~~acknowledged~~ and ~~accepted by~~ -

[INDENTURE TRUSTEE], a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer a ~~specified portion~~**Specified Portion** of the Regulatory Asset to the Issuer on a fully-serviced

basis, and pursuant to Section 26(3) of the Act, such a Transfer ~~shall result~~results in (i) a reduction in the balance in the Fair Hydro Variance Account, (ii) the corresponding adjustment of the Regulatory Asset, and (iii) the acquisition by the Issuer of an Investment Interest corresponding to the ~~specified portion~~Specified Portion of the Regulatory Asset;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer desires to be so engaged;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors (as defined in the Indenture) and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement.

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

~~"**Administrative Agent**" means OPG, in its capacity as administrative agent of the Issuer;~~

~~"**Administrative Services Agreement**" means the administrative services agreement dated ■, 2017 between the Administrative Agent and the Issuer concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Issuer;~~

~~"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the~~

~~ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;~~

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are~~, or the office of the Indenture Trustee is,~~ authorized or obligated by law, regulation or executive order to be closed;

"Carrying Costs" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the ~~Issuer~~**parties hereto** and any other owner or owners of an Investment Interest as contemplated by ~~subsection~~**Section** 29(5) of the Act **in form and substance satisfactory to the parties hereto, acting reasonably**;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" has the meaning ascribed thereto in Section **[8.02(a)]**[1] of the Indenture;

~~"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at ■; Telephone: ■; Email: ■, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice;~~

[1] All cross-references to the Indenture to be conformed to the final version of the Indenture.

"**Daily Remittance Event**" means ~~■ [NTD: Definition to be tied to the loss of investment grade ratings of the IESO]~~the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

~~"**Electricity Act**" means the *Electricity Act, 1998*, SO, 1998;~~

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report" means a report as contemplated by Section 17(s) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:**

(a) **its total CEA Consumer Invoice Amounts in such Billing Period;**

(b) **its total Electricity Vendor CEA Collections during such Billing Period; and**

(c) **such other information as may be agreed to.**

"Eligible Deposit Account" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to ~~subsection~~**Section** 24(1) of the Act;

~~"**Finance Reserve Deposit**" has the meaning ascribed to the term "finance reserve deposit" in the Regulations;~~

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

~~"**Financing Entity Expenses**" has the meaning ascribed to the term "financing entity expense" in the Regulations;~~

~~"**Funding Cost**" has the meaning ascribed to the term "funding cost" in the Regulations;~~

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

~~["**Funding Rebate**" has the meaning ascribed thereto in Section 3.4(b);]~~**[NTD: Terminology and provisions relating to IESO payment of carrying costs during the moratorium period subject to finalization of regulations creating this obligation.]**

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

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act*, *1998*, SO, 1998;

[NTD: The Issuer may at some point have to publicly file this Agreement, and a copy of it will be circulated to the rating agencies. Therefore, it seems prudent not to include IESO bank account details in the Agreement.]

"**IESO Deferral**"~~, at any time, means the amount determined by the IESO under subsection 23(1) of the Act and sections 15 and 16 of the Regulations and recorded by the IESO under subsection 24(1) of the Act in the Fair Hydro Variance Account at such time~~ **has the meaning ascribed to the term "IESO deferral" in the Act**;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" **has the meaning ascribed thereto in Section** means the account established under Section ~~3.3~~**3.4**(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization,

moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly ~~Funding Expenses~~Carrying Costs**" has the meaning ascribed thereto in Section ~~3.4~~3.14(~~a~~b);

"**Monthly ~~Funding Rebate~~Carrying Costs Statement**" has the meaning ascribed thereto in Section ~~3.4~~3.14(~~a~~b);

~~25847049.5~~**24817972.2**

"**Monthly Report**" has the meaning ascribed thereto in Section ~~3.3~~**3.5**(~~e~~**a**);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture, and delivered to the Indenture Trustee;

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

"**Opinion of Counsel**" means one or more written opinions of counsel, ~~who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel,~~ which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

~~"**Outstanding Amount**" means the aggregate principal amount of all Funding Obligations outstanding at the date of determination;~~

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"Permitted Transfer" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" ~~means the Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Administrative Services Agreement, this Agreement, each Transfer Notice, any Co-Owner Agreements, the Provincial Protection and Assurances Agreement and any hedging agreements, credit enhancement agreements, loan agreements and underwriting or agency agreements in effect at such time and all other documents and certificates delivered in connection therewith;~~**has the meaning ascribed thereto in the Indenture;**

~~"**Provincial Protection and Assurances Agreement**" means the Provincial Protection and Assurances Agreement dated as of ■, 2017 between **[Her Majesty the Queen in Right of Ontario, as represented by the Minister, the Indenture Trustee and the Issuer]**[NTD: **Subject to finalization of agreement**];~~

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(a);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

~~"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;~~

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Released Parties**" has the meaning ascribed thereto in Section 6.1(~~e~~**f**);

"**Remittance Date**" means, in respect of each Billing Period, the **[3rd]**[2] ~~Servicer~~ Business Day following the last day of each Billing Period;

"Required Servicer Rating" means ■; [NTD: Definition to tie to loss of investment grade credit rating.]

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; (c) a Successor Servicer, any authorized director or officer of the Successor Servicer; and (d) the Indenture Trustee, any officer ~~within the Corporate Trust Office~~ of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject);

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

~~"**Servicer Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business;~~

"**Servicer CEA ~~Collections~~Receipts**" has the meaning ascribed thereto in Section ~~3.2(a)(ii~~**3.4(e**);

[2] ~~Based on the monthly payment cycle charts prepared by OPG.~~

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

~~"**Tax Liability**" has the meaning ascribed to the term "tax liability" in the Regulations;~~

~~"**Tax Refund**" has the meaning ascribed to the term "tax refund" in the Regulations;~~

"**Termination Event**" has the meaning ascribed thereto in Section ~~3.11~~■;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(a) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings[~~3~~2]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration

[~~3~~2] Torys to conform boilerplate provisions, as applicable, across all transaction documents.

means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

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

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

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

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset

(a) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of ~~each~~**any** calendar month, ~~provide~~**offer** to **Transfer to** the Issuer a **Specified Portion of the Regulatory Asset by providing to the Issuer a** Transfer Notice executed by the Transferor and setting out (i) the ~~specified~~

~~portion~~**Specified Portion** of the Regulatory Asset that the Transferor ~~desires~~**is offering** to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of ~~the specified portion~~**such Specified Portion** of the Regulatory Asset ~~that the Transferor proposes to Transfer to the Issuer~~, (iii) the Closing Date to effect such transfer which shall be **no earlier than** the ~~10~~**[5th]** Business Day ~~following~~**after the** delivery of the **Transfer Notice and no later than the last Business Day of the calendar month in which the** Transfer Notice **was delivered**, or such other ~~date~~**Business Day** as may be agreed ~~upon~~ by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

~~(b)~~ ~~**[The Issuer shall use commercially reasonable efforts to provide reasonable notice to the Transferor if the Issuer has reasonable cause to believe that it will not accept a Transfer Notice sent by the Transferor or that the conditions precedent in Sections 2.2(b)(i), (v), (vi), (vii), (viii) and (vii) will not be satisfied on the relevant Closing Date.][NTD: Subject to review by OPG.]**~~

(b) ~~(c)~~ On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the ~~portion~~**Specified Portion** of the Regulatory Asset subject to the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the ~~specified portion~~**Specified Portion** of the Regulatory Asset and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

~~(d) In consideration and as an inducement for the Issuer to acquire the Investment Interest at the Purchase Price, the Transferor shall, concurrently with each such Transfer and in accordance with Section 3.4, agree to pay to the Issuer all Monthly Funding Expenses that are incurred by or on behalf of the Issuer in connection with each applicable Transfer in respect of each calendar month in which there are no Clean Energy Adjustments billed to Specified Consumers.~~

(c) ~~(e)~~ Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by **bank** wire transfer **or bank electronic funds transfer,** in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. **The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(c) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.**

(d) ~~(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e):~~ **Upon receipt by the Transferor of the payment referred to in Section 2.1(c),** the Transferor shall reduce the balance of the Fair Hydro Variance Account by an

amount equal to the Purchase Price **received and shall retain no further right, title or interest in the corresponding Issuer Investment Interest.**

~~(i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price and, as a consequence, the Regulatory Asset shall be adjusted accordingly; and~~

~~(ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any adverse claim, and in accordance with section 27(1) of the Act, shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Issuer.~~

~~(g) Any Transfer of a specified portion of the Regulatory Asset by the Transferor pursuant to this Agreement shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Issuer, shall be treated as a true sale and not as a pledge of or secured transaction relating to the Transferor's right, title, and interest in, to, and under the specified portion of the Regulatory Asset. After giving effect to a Transfer contemplated hereby, the Transferor shall have no right, title or interest in, to or under the corresponding Investment Interest because (i) it has Transferred all of its right, title and interest in and to the corresponding specified portion of the Regulatory Asset to the Issuer, (ii) as provided in the Act, all right, title and interest to the corresponding Investment Interest shall be vested in the Issuer, (iii) as provided in the Act, such Transfer is perfected, vested, valid and binding as against the Transferor and all other Persons who may have claims of any kind against the Transferor, regardless of whether the Persons who have claims have received notice of the Transfer, and (iv) the property rights and interests acquired by the Issuer shall be free and clear of any Liens arising through the IESO.~~

(e) The parties intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(d), of a Specified Portion of the Regulatory Asset and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a ~~specified portion~~**Specified Portion** of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer and the Indenture Trustee, of the following ~~condition~~**conditions**:

(i) the Issuer and the Indenture Trustee shall have received from the Transferor the following documents, in form and substance satisfactory to each of the Issuer and the Indenture Trustee:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the ~~Program Agreements to which~~**performance by** the IESO ~~is party~~**of its obligations hereunder**, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers **or delegates** executing this Agreement ~~or any of the Program Agreements to which the IESO is party~~**and authorized to give notices and instructions hereunder (which can be changed by notice hereunder)**; and

(B) ~~reports showing the results of searches conducted against the IESO under applicable personal property security registers in the Province of Ontario together with executed copies of all discharges or releases of prior security interests relating to the Regulatory Asset subject to the Transfer; provided that the IESO may establish that any particular registration does not affect the Regulatory Asset by delivering a letter or acknowledgment signed by the applicable secured party.~~the Transferor shall have delivered to the Indenture Trustee, the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them**. [NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a ~~specified portion~~**Specified Portion** of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer and the Indenture Trustee of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and the Indenture Trustee and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor ~~is not insolvent and will not have been made insolvent by such Transfer and the Transferor~~ is not aware of any pending ~~insolvency~~**Insolvency Event** with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred ~~and not been waived~~**be continuing**, and (C) no Servicer Default shall have occurred and ~~not been waived~~**be continuing**;

(iv) on or prior to the applicable Closing Date, the Transferor shall have taken all action required to provide for the Transfer, upon payment of the Purchase Price, of the ~~specified portion~~**Specified Portion** of the Regulatory Asset as set forth in the applicable Transfer Notice on the Closing Date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Program Agreements;

(v) the Transferor shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(i), (ii), (iii) and (iv);

~~(vi) the Transferor shall have delivered to the Indenture Trustee, the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them [NTD: Scope of opinions required to be confirmed by the Dealers and their counsel];~~

(vi) ~~(vii)~~ as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vii) ~~(viii)~~ after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a specified portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be ~~fully~~ serviced by the Servicer **in**

accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled to receive any further compensation from the Issuer ~~or the Indenture Trustee~~ for its services in connection therewith. The Servicer ~~acknowledges the responsibility of the Servicer for servicing the related Issuer Investment Interest corresponding to the specified portion of the Regulatory Asset Transferred by the Transferor under this Agreement and hereby~~ agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 ~~**Duties of Servicer Generally**~~**Forecast of Electricity Consumption**

~~(a)~~ ~~The Servicer shall:~~

~~(i)~~ ~~issue settlement statements to Electricity Vendors that include amounts in respect of the Clean Energy Adjustment as prescribed by the Act and the Regulations;~~

~~(ii)~~ ~~receive from Electricity Vendors amounts in respect of Electricity Vendor CEA Collections including payments made directly to the IESO as an Electricity Vendor (such amounts received being "**Servicer CEA Collections**");~~

~~(iii)~~ ~~hold and remit Servicer CEA Collections in accordance with Section 3.3;~~

~~(iv)~~ ~~receive information from Electricity Vendors in respect of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections and such other information as the IESO may reasonably request for the purposes of determining the IESO Deferral or such further information as may be required;~~

~~(v)~~ ~~determine and record the IESO Deferral for each month and make any necessary corrections thereto in accordance with the Act and the Regulations;~~

~~(vi)~~ ~~forecast electricity demand by Specified Consumers for Reference Periods;~~

The IESO shall:

(a) ~~(vii)~~ provide ~~information~~ to the Board ~~in respect of forecast electricity demand or any other information the Board may require from the Servicer to facilitate the Board's determination of the rates at which~~**and the Financial Services Manager the forecasts of electricity consumption by** Specified Consumers ~~are to be invoiced so as to enable full recovery of the Clean Energy Adjustment in respect of any Reference Period;~~ **as contemplated by Section 8(3) of the Regulations; and**

~~(viii)~~ ~~respond to inquiries by Electricity Vendors, the Board or any other Governmental Authority with respect to the Clean Energy Adjustment;~~

~~(ix) investigate and handle delinquencies by Electricity Vendors regarding Servicer CEA Collections (and furnish reports with respect to such delinquencies to the Issuer);~~

~~(x) process and deposit Servicer CEA Collections and make periodic remittances to the Issuer in accordance with Section 3.3;~~

~~(xi) furnish periodic and current reports to the Issuer, the Board, the Indenture Trustee and the Rating Agencies, as may reasonably be required by the Issuer;~~

~~(xii) take all necessary action in connection with Funding Rebates as set forth herein and in the Regulations; and~~

~~(xiii) perform such other duties as may be reasonably required from time to time to be performed by it.~~

(b) ~~Without limiting the generality of Section 3.2(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, consumption and settlement statement calculation, settlement, collections, posting, payment processing and remittance with reasonable care and in material compliance with each applicable Requirement of Law, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others.~~**provide to the Board and the Financial Services Manager such other information and reports as the Board or the Financial Services Manager may reasonably request in connection with the calculation of the Clean Energy Adjustments and which is reasonably available to the Transferor without incurring material incremental expense.**

~~(c) Notwithstanding anything to the contrary in this Agreement, the duties of the Servicer set forth in this Agreement shall be qualified and limited in their entirety by the Act, the Regulations, all applicable laws and the rules and regulations promulgated thereunder as in effect at the time such duties are to be performed.~~

3.3 ~~Remittances~~ISO Deferral

~~(a)~~ The **IESO shall:**

(a) determine the IESO Deferral as required by Section 23 of the Act and the Regulations; and

(b) maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

~~25847649.5~~

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) **prior to receiving** Servicer ~~shall~~**CEA Receipts,** establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation ~~clearly~~ indicating that the funds deposited therein are held in trust for the benefit of the **Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or** owners of **an** Investment ~~Interests~~**Interest**. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account~~.~~**;**

(b) **prior to the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, make reasonable efforts to work with each Electricity Vendor to:**

(i) **establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;**

(ii) **settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor; and**

(iii) **establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; [NTD: Generally, someone will need to take responsibility for educating the Electricity Vendors and we believe the IESO is best positioned to take on this role given its existing relationships and opportunities to interact with the EVs.]**

(c) **request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;**

(d) **as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;**

(e) **as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(d), the "Servicer CEA Receipts");**

(f) ~~(b) The Servicer shall~~ deposit ~~all~~**the** Servicer CEA ~~Collections~~**Receipts** into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within **[**two ~~Servicer~~ Business Days**]** of receipt by the Servicer and **the Issuer Share of** such Servicer CEA ~~Collections~~**Receipts** shall remain in the IESO Segregated Account until remitted in accordance with Section ~~3.3(d)~~ **3.6;**

(g) respond to inquiries by Electricity Vendors **with respect to the Clean Energy Adjustment and amounts payable in respect thereof;**

(h) **request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within ■ Business Days of the end of each Billing Period;**

(i) **review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount remitted pursuant to Section 3.4(d);**

(j) **make reasonable efforts to contact each Electricity Vendor that:**

(i) **does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;**

(ii) **does not remit any Electricity Vendor CEA Collections in accordance with Section 3.4(d) or remits Electricity Vendor CEA Collections that do not match the amount thereof reported in its Electricity Vendor Billing Period Report,**

(iii) **delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or**

(iv) **does not certify that it has established the segregated account required by Section 10(2) of the Regulations,**

and attempt to resolve the applicable issue;

(k) **on a periodic basis as requested by the Issuer, review, pursuant to its rights under Section 10(4) of the Regulations, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments; provided that in the absence of evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Servicer shall not be required to review the records of a Electricity Vendor more often than ■.**

(l) ~~(c) The IESO agrees and acknowledges that it holds all~~**hold the Issuer Share of** Servicer CEA ~~Collections~~**Receipts** and **the Issuer Share of** any other proceeds in

respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer, any other owner of Investment Interests, the Indenture Trustee and the Specified Creditors and that all such amounts will be remitted by the Servicer and remit such amounts in accordance with this Section 3.3 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The IESO further agrees not to make any claim to reduce its obligation to remit all Servicer CEA Collections received by it in accordance with this Agreement. Servicer shall:

(d) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Collections received by the Servicer during a Billing Period and any interest earned thereon shall be remitted by the Servicer to the Collection Account no later than the Remittance Date immediately following such Billing Period. Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Collections on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on each Servicer Business Day.

(a) (e) On on or before the **[2nd] Servicer 8th Business Day]** following the end of each Billing Period, the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit B (a "**Monthly Report**"). ;

3.4 [Funding Rebates]

[NTD: Terminology and provisions relating to IESO payment of carrying costs during the moratorium period subject to finalization of regulations creating this obligation.]

(b) report to the Issuer any delinquencies by Electricity Vendors in respect of the CEA amounts collected and the remittance of Electricity Vendor CEA Collections;

(c) (a) On or before the **[4th]** Servicer Business Day following the end of each calendar month in which no Clean Energy Adjustment is billed to Specified Consumers, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Funding Rebate Statement**") setting out the aggregate amount of all (i) Funding Costs, (ii) Finance Reserve Deposits, (iii) Financing Entity Expenses, and (iv) Tax Liabilities (net of Tax Refunds), that were incurred by or on behalf of the Issuer during the previous calendar month ("**Monthly Funding Expenses**"). report to the Issuer any unresolved matters referred to in Section 3.4(j);

(b) On or before the **[10th]** Servicer Business Day following receipt by the IESO of the Monthly Funding Rebate Statement, the IESO shall, as required by the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer in

~~immediately available funds, an amount in Canadian dollars equal to the Monthly Funding Expenses set forth in the applicable Monthly Funding Rebate Statement (the "**Funding Rebate**").~~

~~**3.5 Reporting Functions**~~

(d) ~~(a) Notification of Laws and Regulations. The Servicer shall~~ promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance **of which it becomes aware** that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement~~.~~**; and**

(e) ~~(b) Other Information. Upon~~**upon** the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, ~~the Servicer shall~~ provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the **Issuer** Investment Interest or the Regulatory Asset**,** to the extent it is reasonably available to the Servicer~~,~~ **and** as may be reasonably necessary and permitted by law**,** to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer of its duties and obligations hereunder. ~~In addition, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Clean Energy Adjustment.~~

3.6 Remittances

(a) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA **Receipts** received by the Servicer during a Billing Period and any interest earned thereon shall be remitted by the Servicer to the Collection Account no later than the Remittance Date immediately following such Billing Period.

(b) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA **Receipts** on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account **on each Business Day.**

3.7 Limits to Obligations

Without in any way limiting the duties and obligations of the Servicer arising under the Act or the Regulations, the parties hereto agree the duties and obligations of the Servicer under this Agreement are limited as provided in this Section 3.7.

(a) **The Servicer is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.**

(b) **The Servicer is not responsible for enforcing the obligations of Specified Consumers or Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts.**

(c) **The Servicer shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of** Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) **the collection from Specified Consumers of amounts due** in respect of such invoices and **the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.**

(d) **The Servicer is under no responsibility or obligation to the Issuer with respect to whether the Clean Energy Adjustments funds remitted by the Servicer to Issuer during any or all periods is sufficient to satisfy the Issuer's obligations.**

(e) **The Servicer is under no obligation to initiate or prosecute any legal action relating to the collection of the Issuer Investment Interest.**

3.8 ~~3.6~~ **Servicing and Maintenance Standards**

(a) The Servicer shall ~~monitor payments and impose collection policies on Electricity Vendors with respect to Electricity Vendor CEA Collections. On behalf of the Issuer, the Servicer shall: (a) manage, service, administer, collect and receive Servicer CEA Collections with reasonable care and in material compliance with each applicable Requirement of Law, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to the collection of other amounts from Electricity Vendors for its own account and, if applicable, for others; (b) follow standards, policies and procedures in performing its duties as Servicer that are customary for an electricity market operator and administrator that regularly performs settlement functions; (c) use all reasonable efforts, consistent with its customary servicing procedures, to receive and hold Servicer CEA Collections in trust for the benefit of the Issuer; (d) comply with each Requirement of Law, including all regulations and guidelines, applicable to and binding on it relating to its duties hereunder; and (e) provide all information to the Board as required by the Act and the Regulations. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Investment Asset and the Issuer Investment Interest, which may include, at the direction of the Issuer, the taking of legal action, at the Issuer's expense but subject to the priority~~

~~of payments set forth in **[Section 8.02(e)]** of the Indenture. In no event shall the Issuer Investment Interest be set off at any time by the IESO or any Permitted Successor thereof in connection with any default by such Person or otherwise.~~**discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance the Requirements of Law, including the Act and the Regulations and shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions. In** furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with **reasonable care and in material compliance with applicable Requirement of Laws**, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to **similar settlement activities on its own account.**

~~**3.7 Binding Effect of Servicing Obligations**~~

(b) **The** Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(c) **Neither** the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment**.**

3.9 Appointments

The Servicer may at any time appoint any Person to **act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided** however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided **further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement** without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were **performing such obligations**. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, **and the Issuer shall not** have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section **3.11.**

3.10 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under **Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off** (in each case, a "**Termination**

~~25847049.5~~**24817972.2**

Event"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.11 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer, the Indenture Trustee and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Indenture Trustee and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.12 Mergers

~~The obligations to continue to provide services and to receive and account for Servicer CEA Collections and related amounts will be binding upon the Servicer and any Permitted Successor so long as the Servicer CEA Collections have not been fully received and posted.~~ Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section ~~3.7~~**3.12** and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section ~~3.7~~**3.12**, then, upon satisfaction of all of the other conditions of this Section ~~3.7~~**3.12**, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

~~25847049.5~~[illegible]

~~**3.8 Limitation on Liability of Servicer and Others**~~

~~(a) Except as otherwise provided under this Agreement, including Section 6.1, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such Person against any liability that would otherwise be imposed by reason of negligence, recklessness or willful misconduct in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, *prima facie* properly executed and submitted by any Person, respecting any matters arising under this Agreement.~~

~~(b) Except as provided in this Agreement, the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Issuer Investment Interest that is not directly related to one of the Servicer's enumerated duties in this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer will, at the direction of the Issuer, in respect of any Proceeding, undertake any action that is not specifically identified in this Agreement as a duty of the Servicer but that the Issuer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the Indenture Trustee under this Agreement and the interests of Specified Creditors under the Indenture.~~

3.13 ~~3.9~~ The IESO Not to Resign as Servicer

Subject to the provisions of Section ~~3.7~~**3.12**, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer, the Indenture Trustee and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Indenture Trustee and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

~~**3.10 Appointments**~~

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) ~~Subject to Section 3.10(b), the~~ Servicer ~~may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder; provided, however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided, further, that the Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the Issuer Investment Interest in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Investment Interest. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and none of the Issuer, the Indenture Trustee, Specified Creditors or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.9.~~ **During the period beginning on December 1, 2017 and ending on July 31, 2021, the IESO shall, as required under the Regulations, pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of Carrying Costs during the period beginning on June 1, 2017 and ending on July 31, 2021.**

(b) ~~The following matters shall be performed by the Electricity Vendors in accordance with the Act and shall not be considered an "appointment" for purposes of Section 3.10(a): (i) invoicing~~ Specified Consumers ~~in respect of the~~ Clean Energy Adjustment and ancillary matters related thereto; ~~(ii) collection from Specified Consumers of payments in respect of such invoices and remittance of such payments to the Servicer; and (iii) reporting to the Servicer the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and such other information the IESO may reasonably request for the purposes of determining the IESO Deferral or such further information as may be required. The Servicer shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations or in respect of the matters set out in this Section 3.10(b).~~ **On or before the 4th Business Day of each calendar month**, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of **Exhibit C (a "Monthly Carrying Costs Statement") setting out the amount of Carrying Costs in respect of the preceding calendar month ("Monthly Carrying Costs").**

~~**3.11 Effective Period and Termination**~~

(c) **On or before the 8th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under** the Regulations, deliver or cause to be delivered to the Issuer, by wire **transfer or electronic funds** transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly **Carrying Costs set forth in the applicable Monthly Carrying Costs Statement.**

3.15 IESO Security for CEA Remittances

~~The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.~~**If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer and the Indenture Trustee, as security for any failure of Electricity Vendors, following [July 31, 2021], to remit the Electricity Vendor CEA Collections.**

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 4.3, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer and the Indenture Trustee will rely thereon in paying the Purchase Price related to Transfers of ~~specified portions~~**Specified Portions** of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite **corporate** power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it~~, and to execute, deliver and carry out the terms of this Agreement, including, for greater certainty, acting as Servicer in accordance with this Agreement~~.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset~~,~~ **or** the servicing of related Investment Interests~~, the Issuer or the repayment when due of the Funding Obligations~~.

(c) Power and Authority. The IESO has the requisite **corporate** power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer ~~specified portions~~**Specified Portions** of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary **corporate** action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary **corporate** action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties.

(f) No Proceedings. ~~There are no Proceedings or, to~~**To** the IESO's knowledge, ~~investigations~~**there are no Proceedings** pending or ~~Proceedings~~ threatened~~, before any Governmental Authority having jurisdiction over~~ **against** the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under, or the validity or enforceability of, this Agreement or the Act.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information.~~(i)~~ At the date hereof and as of each applicable Closing Date, **except in respect of information provided by a third party,** all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Regulatory Asset is true and correct in all material respects and does not omit any material facts.

~~(ii) Each report and certificate delivered in connection with any filing made or information provided to the Board by the IESO in connection with the Act, including on behalf of the Issuer with respect to Clean Energy Adjustments, will constitute a representation and warranty by the IESO that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the IESO with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the IESO on the date such report or certificate is delivered).~~

(i) The Transfer. ~~On~~**After the completion of the Transfer on** the applicable Closing Date, the ~~specified portion of the Regulatory Asset as set forth in the applicable Transfer Notice shall be validly Transferred to the Issuer and the~~ IESO will have no right, title or interest in the ~~related~~ Investment Interest **related to the Specified Portion of the Regulatory Assets** as set forth in the applicable Transfer Notice and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except ~~pursuant to any Co-Owner Agreement, no portion of~~**for Permitted Transfers,** the ~~Regulatory Asset~~**IESO** has ~~been~~**not** sold, transferred, assigned~~,~~ **or otherwise conveyed any interest in the Regulatory Asset to any Person.**

(k) Liens. IESO has not pledged or otherwise ~~conveyed by the IESO~~**granted a Lien** to any Person ~~other than the Issuer or the Indenture Trustee, and,~~**in the Regulatory Asset and** to the IESO's knowledge (after due inquiry), ~~no security agreement,~~**there is no registered** financing statement ~~or equivalent security or lien instrument~~ listing the IESO as debtor covering ~~all or a portion of the Regulatory Asset (or the corresponding Investment Interest upon the Transfer thereof) is on file or of record in any jurisdiction, except such as may have been filed or recorded in favour of the Issuer or the Indenture Trustee in connection with the Program Agreements.~~(k) ~~Title. The IESO is the sole owner of the specified portion of the Regulatory Asset that is to be Transferred to the Issuer on~~

~~the applicable Closing Date, free and clear of all Liens~~**or extending to the Regulatory Asset**.

(l) Tax Liens. ~~After due inquiry, the~~**The** IESO **(i)** is not aware**, after due inquiry,** of any judgment or tax lien filing against the IESO**, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada)**.

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

~~(i) is solvent and expects to remain solvent;~~

(i) ~~(ii)~~ reasonably believes that it will be able to pay its debts as they come due; and

(ii) ~~(iii)~~ is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of an Investment Interest to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

4.3 Limitations on Representations and Warranties

Notwithstanding anything in this Agreement to the contrary, the IESO makes no representation or warranty **with respect to the collectability of the Issuer Share of Servicer CEA Receipts or** that the Issuer~~'s~~ Share of Servicer CEA ~~Collections will~~**Receipts** be sufficient to satisfy ~~in full~~ the Issuer's Funding Obligations.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

~~Subject to Section 3.9, so~~**So** long as any **Issuer** Funding Obligations are outstanding, the IESO (a) will keep in full force and effect its existence and remain validly

existing under the laws of the Province of Ontario, and (b) will obtain and preserve its qualifications to do business in each jurisdiction in which such qualification is or will be necessary to protect the validity and enforceability of this Agreement and each other instrument or agreement to which the IESO is a party necessary for the proper administration of this Agreement and the transactions contemplated hereby.

5.2 No Transfer or Liens

Except for ~~(a) the~~ Transfers under this Agreement to the Issuer or ~~any Lien for the benefit of the Specified Creditors or the Indenture Trustee, and (b) following the Co-Owner Implementation Date, Transfers to other Financing Entities who enter into a Co-Owner Agreement with the Issuer and Liens granted in connection therewith to Persons advancing Funding Obligations to such other Financing Entities, the IESO will not sell, pledge, assign or transfer to any other Person, or~~ **Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not** grant, create, incur, assume or suffer to exist any Lien on~~, any portion of~~ the Regulatory Asset~~, whether existing as of the applicable Closing Date or thereafter created, or any interest therein~~ **or any portion thereof**. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, and will defend the right, title and interest of the Issuer and of the Indenture Trustee, on behalf of the Specified Creditors, in, to and under the Issuer Investment Interest against all claims of third parties claiming through or under the Transferor.

5.3 Notice of Liens

The IESO shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any portion of the Regulatory Asset~~, other than the Transfers hereunder and any Lien pursuant to the Program Agreements~~.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset~~,~~ the Investment Asset or Investment Interests, except to the extent that failure to so comply would not materially adversely affect the Issuer's~~,~~ **or** the Indenture Trustee's ~~or the Specified Creditors'~~ interests in the Issuer Investment Interest~~ under any of the Program Agreements~~, the value of the Issuer Investment Interest, the timing or amount of Clean Energy Adjustments payable by Specified Consumers or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for passive investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations ~~other than Funding Rebates~~.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

~~(d) The IESO agrees that upon completion of a Transfer, the IESO shall reduce the balance in the Fair Hydro Variance Account by the Purchase Price and will adjust the Regulatory Asset accordingly.~~

(d) ~~(e)~~ (i) ~~in~~**In** all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the ~~specified portion~~**Specified Portion** of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, **and** (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement~~, and (iv) the IESO shall not sell any portion of the Regulatory Asset pursuant to the Act to any other Person unless a Co-Owner Agreement has been entered into and the Rating Agency Condition has been satisfied with respect thereto~~.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide ~~all~~**such non-confidential** information regarding ~~the~~ IESO, the ~~IESO Deferral, the~~ Regulatory Asset ~~or~~**and** the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for

inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents and represents that**, except in respect information provided by a third party,** all such information is, **as** at the respective dates of delivery to the Issuer, true and correct in all material respects, contains no misrepresentation and constitutes full, true and plain disclosure of all material facts relating to the IESO Disclosure.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

~~5.9 Co-Owner Agreements~~

~~The IESO shall not continue as or become a party to any purchase and sale agreement or similar arrangement (other than this Agreement) under which it sells all or any portion of the Regulatory Asset unless (i) the Rating Agency Condition shall have been satisfied, (ii) the Indenture Trustee, the Transferor and the other parties to such additional arrangement shall have entered into a Co-Owner Agreement in connection therewith, and (iii) the terms of the documentation evidencing such purchase and sale arrangement or similar arrangement shall expressly exclude the Issuer Investment Interest (including the Issuer Share of any Servicer CEA Collections) from any receivables, rights or other assets pledged or sold under such arrangement and unless the purchaser under such arrangement is a Financing Entity.~~

5.9 ~~5.10~~ Access to Certain Records and Information Regarding Investment Interest

The IESO shall provide to the Issuer and the Indenture Trustee access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA ~~Collections~~**Receipts**, as is reasonably required for the Issuer and the Indenture Trustee to confirm compliance by the IESO with its obligations under this Agreement~~ and any other Program Agreements to which the IESO is a party~~. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section ~~5.10~~**5.9** shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section ~~5.10~~**5.9**.

5.10 ~~5.11~~ Maintenance of Operations

Subject to Section ~~3.7~~**3.12**, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario ~~in order to provide service~~ so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Specified Creditors), the Manager~~, the Administrative Agent~~ and each of their respective trustees, officers, directors, employees and agents (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against any such Person as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; **and** (ii) the IESO's breach of any of its representations or warranties under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; and ~~(iii) any litigation and related expenses relating to the IESO's status and obligations as Servicer (other than any Proceeding the IESO is required to institute under this Agreement)~~, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice ~~(or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only)~~ of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party

shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the IESO ~~shall authorize~~**authorizes** the Indemnified Party to employ separate counsel at the expense of the IESO, or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section ~~3.7~~**3.12**) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to **Section 3.11 of** this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the resignation or removal of the Indenture Trustee or the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO. ~~Other than provided in the preceding sentence, the~~

(e) **The** IESO shall not **be required to** indemnify any party under this Section 6.1 for any **losses resulting from** changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

~~25847049.5~~

(f) ~~(e)~~ Except to the extent expressly provided in this Agreement (including the payment of the Purchase Price), the IESO hereby releases and discharges the Issuer ~~and the Indenture Trustee,~~ and each of ~~their respective~~**its** trustees, officers, directors and agents (collectively, the "**Released Parties**"), from any and all actions, claims and demands whatsoever, whenever arising, which the IESO, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Investment Interest or the IESO's activities with respect thereto, other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account ~~on behalf of the Issuer~~ any required remittance that shall continue unremedied for a period of **[two/three] [NTD: Rating Agencies will expect 2-3 days]** Business Days after written notice of such failure is received by the Servicer from the Issuer ~~(with a copy to the Indenture Trustee)~~ or the Indenture Trustee or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement (other than as provided in Section 7.1(a)) or any other Program Agreement to which it is a party, which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer ~~(with a copy to the Indenture Trustee)~~ or to the Servicer or the IESO, as the case may be, by the Indenture Trustee or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement or in any Monthly Report, shall prove to have been incorrect when made, which has a material adverse effect on the Issuer, the Indenture Trustee or any other Specified Creditor and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the

same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; **or**

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs; ~~or~~

~~(f) the termination or withdrawal of the "Servicing Guarantee" under the Provincial Protection and Assurances Agreement. **[NTD: Subject to finalization of the Provincial Protection and Assurances Agreement.]**~~

then, and in each and every case, the Indenture Trustee shall, upon the instruction of the Specified Creditors ~~evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations~~**as provided for under the Trust Indenture**, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Specified Creditors) (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), the Specified Creditors and the Indenture Trustee (or any of their representatives) shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the ~~Investment Interest.~~**Issuer.** On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, ~~the IESO Deferral,~~ the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall

not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, and at the written direction and with the consent of the Specified Creditors ~~evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations~~**as provided for under the Trust Indenture** shall, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Indenture Trustee may, at the direction of Specified Creditors ~~evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations~~**as provided for under the Trust Indenture**, petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Indenture Trustee be liable for its appointment of a Successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.2(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in **[Section 8.02]** of the Indenture.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Indenture Trustee, with the written consent of Specified Creditors ~~evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations~~**as provided for under the Trust Indenture**, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Agreement. Upon any such waiver of a past

default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, the Manager, the Indenture Trustee and the Rating Agencies promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

~~(a)~~ This Agreement may be amended in writing by the IESO ~~and~~, the Issuer ~~with (i) the prior written consent of~~ **and** the Indenture Trustee~~, and (ii) the~~ **and with** satisfaction of the Rating Agency Condition. Promptly after the execution of any such amendment ~~or consent~~, the Issuer shall furnish copies of such amendment ~~or consent~~ to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withholding from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer, the **IESO or the Indenture Trustee will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.**

~~(b) Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the IESO and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the IESO stating that the execution of such amendment is authorized and permitted by this Agreement and that all conditions precedent provided for in this Agreement relating to such amendment have been complied with. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects their own rights, duties, indemnities or immunities under this Agreement or otherwise.~~

8.4 ~~8.2~~ Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
~~[Address]~~**120 Adelaide Street West, Suite 1600**
Toronto, Ontario M5H 1T1

Attention: ~~■~~
Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

(c) in the case of the Indenture Trustee:

■
[Address]

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 ~~8.3~~ Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 ~~8.4~~ Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO, the Issuer and, to the extent provided herein or in the other Program Agreements, the Indenture Trustee (for its own benefit and for the benefit of the Specified Creditors) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 ~~8.5~~ Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 ~~8.6~~ Separate Counterparts; Electronic Delivery

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

8.9 ~~8.7~~ Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 ~~8.8 Assignment~~Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to ~~any mortgage, pledge, assignment and~~the grant of a ~~security interest~~Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors ~~of~~against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. ~~In no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section [8.02] of the Indenture.~~

8.11 ~~8.9~~ Limitation of Liability of Indenture Trustee

It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Specified Creditors, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

8.12 ~~8.10~~ Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's

activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section ~~8.10~~**8.12**, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.13 ~~**8.11**~~ **Waivers**

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor

in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

~~**8.12 Indenture Trustee Actions**~~

~~In acting hereunder, the Indenture Trustee shall have the rights, protections and immunities granted to it under the Indenture.~~

~~**8.13 Issuer Trustee**~~

~~In acting hereunder, the Issuer Trustee shall have the rights, protections and immunities granted to it under the Declaration of Trust.~~

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

~~**ACKNOWLEDGED AND ACCEPTED:**~~

[INDENTURE TRUSTEE]
as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), ~~and~~ the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and ~~acknowledged and accepted by~~ **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its ~~desire~~**offer** to transfer to the Issuer on the Closing Date set out below, on a fully serviced basis, the ~~specified portion~~**Specified Portion** of the Regulatory Asset set out below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the ~~specified portion~~**Specified Portion** of the Regulatory Asset set out below, on a fully serviced basis, ~~**[and (ii) the Transferor's agreement to pay to the Issuer all (a) Funding Costs, (b) Finance Reserve Deposits, (c) Financing Entity Expenses, and (d) Tax Liabilities (net of Tax Refunds) that are incurred by the Issuer in connection with such Transfer,]**~~[4] the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date, (i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price**,** and the Regulatory Asset shall be adjusted accordingly; and (ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any

[4] ~~Funding Rebate language to be included in Transfer Notice only when Clean Energy Adjustment is not being charged.~~

adverse claim, and shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. **The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].**

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Subject to continuing review by the Dealers and ~~Counsel to confirm form of Monthly IESO Report~~their counsel.]

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), ~~and~~ the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and ~~acknowledged and accepted~~ by **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section ~~3.3~~■ of the Master Transfer and Servicing Agreement the Servicer hereby certifies in respect of the Billing Period corresponding to the calendar month of ■, ■, as follows:

	Item	**Amount**
(A)	Servicer CEA ~~Collections~~**Receipts**:	$■
(B)	Balance of Collection Account:	$■

[NTD: Any additional information considered necessary for OPG/IESO to be included.]

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT C

FORM OF MONTHLY ~~FUNDING REBATE~~CARRYING COSTS STATEMENT

See Attached

MONTHLY ~~FUNDING REBATE~~CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), ~~and~~ the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and ~~acknowledged and accepted by~~ **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly ~~Funding Rebate~~**Carrying Costs** Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section ~~3.4(a)~~**3.14** of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly ~~Funding Expenses incurred by the Issuer~~**Carrying Costs** in respect of the calendar month of ■, ■ are as follows:

~~Monthly Funding Expense~~	**Amount**
Funding ~~Costs~~**costs**:	$■
~~Finance Reserve Deposits~~**Derivative payments to be made**:	$■
Amounts deposited into accounts other than capital accounts:	**$■**
Financing ~~Entity Expenses~~**entity expenses**:	$■
Tax ~~Liabilities (net of Tax Refunds)~~**liabilities**:	$■
~~Total Monthly Funding Expense~~**Subtotal**:	$■
LESS:	
Amounts withdrawn from accounts other than capital accounts:	
Derivative payments to be received:	
Tax refunds:	**$■**
Subtotal:	**$■**
Monthly Carrying Costs	**$■**

~~**[NTD: Any additional information considered necessary for OPG/IESO to be included.]**~~

In accordance with Section ~~3.4~~**3.14**(b) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the ~~Total~~ Monthly ~~Funding Expense~~**Carrying Costs** set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on October-25-17 12:04:10 PM

Input:	
Document 1 ID	file://C:\Users\rramchan\Desktop\Fair Hydro - Master Transfer Servicing Agreement (Alternative Funding Rebate Regulation Version).docx
Description	Fair Hydro - Master Transfer Servicing Agreement (Alternative Funding Rebate Regulation Version)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24367979/3
Description	#24367979v3<TorysAtWork> - Fair Hydro - MTSA (Osler Oct 20 Draft)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	437
Deletions	421
Moved from	29
Moved to	29
Style change	0
Format changed	0

Total changes	916

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

~~Acknowledged~~ and ~~Accepted by~~

■
as Indenture Trustee

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **2**

1.1 Definitions 2

1.2 Sections and Headings 8

1.3 Extended Meanings 8

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET **9**

2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset 9

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset ~~11~~10

ARTICLE 3 ROLE OF THE SERVICER ~~13~~11

3.1 Designation of Servicer ~~13~~11

3.2 ~~Duties of Servicer Generally~~ ~~13~~Forecast of Electricity Consumption 12

3.3 ~~Remittances~~ ~~14~~ISO Deferral 12

3.4 ~~[Funding Rebates]~~ ~~15~~Clean Energy Adjustments and Electricity Vendors 12

3.5 Reporting ~~Functions~~ ~~16~~ 14

3.6 Remittances 15

3.7 Limits to Obligations 15

3.8 Servicing and Maintenance Standards 16

~~3.7~~ ~~Binding Effect of Servicing Obligations~~ ~~16~~3.9 Appointme

3.10 Term 16

~~3.8~~ ~~Limitation on Liability~~3.11 Resignation of Servicer ~~and Others~~ 17

3.12 Mergers 17

~~3.9~~3.13 The IESO Not to Resign as Servicer 17

3.15 IESO Security for CEA Remittances 18

~~3.10~~ ~~Appointments~~ ~~18~~

~~3.11~~ ~~Effective Period and Termination~~ ~~19~~

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO ~~19~~18

4.1 Representations and Warranties ~~19~~18

4.2 Survival ~~21~~20

4.3 Limitations on Representations and Warranties ~~22~~21

ARTICLE 5 COVENANTS OF THE IESO ~~22~~21

5.1 Existence ~~22~~21

5.2 No Transfer or Liens ~~22~~21

5.3 Notice of Liens ~~22~~21

5.4 Compliance with Law ~~22~~21

5.5 Covenants Related to the Investment Interest ~~23~~21

5.6 Non-petition Covenants ~~23~~22

5.7 Disclosure ~~24~~22

5.8 Further Assurances ~~24~~22

TABLE OF CONTENTS
(continued)

Page

5.9 ~~Co-Owner Agreements~~ ~~24~~
~~5.10~~ Access to Certain Records and Information Regarding Investment Interest ~~24~~23
~~5.11~~5.10 Maintenance of Operations ~~24~~23
ARTICLE 6 IESO INDEMNITIES ~~25~~23
6.1 Liability of the IESO; Indemnities ~~25~~23
ARTICLE 7 SERVICER DEFAULT ~~27~~25
7.1 Servicer Default ~~27~~25
7.2 Appointment of Successor Servicer ~~28~~26
7.3 Waiver of Past Defaults ~~29~~27
7.4 Notice of Servicer Default ~~29~~27
7.5 Cooperation with Successor Servicer ~~29~~28
ARTICLE 8 MISCELLANEOUS ~~30~~28
8.1 Amendment ~~30~~28
8.2 ~~Notices~~ ~~30~~Withholding Rights 28
8.3 ~~Assignment~~ ~~31~~No Partnership 28
8.4 Notices 28
8.5 Assignment 29
8.6 Limitations on Rights of Third Parties ~~31~~29
~~8.5~~8.7 Severability ~~31~~30
~~8.6~~8.8 Separate Counterparts; Electronic Delivery ~~31~~30
~~8.7~~8.9 Governing Law ~~32~~30
~~8.8~~ ~~Assignment~~8.10 Grant of Security Interest to Indenture Trustee ~~32~~30
~~8.9~~ ~~Limitation of Liability of Indenture Trustee~~ ~~32~~
~~8.10~~ ~~Limitation of Liability of the Issuer Trustee~~ ~~32~~
8.11 ~~Waivers~~ ~~33~~Limitation of Liability of Indenture Trustee 30
8.12 ~~Indenture Trustee Actions~~ ~~33~~
~~8.13~~ Limitation of Liability of the Issuer Trustee ~~34~~30
8.13 Waivers 31

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly ~~Funding Rebate~~Carrying Costs Statement

TABLE OF CONTENTS
(continued)

Page

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

- ~~acknowledged~~ and ~~accepted by~~ -

[INDENTURE TRUSTEE], a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer a ~~specified portion~~**Specified Portion** of the Regulatory Asset to the Issuer on a fully-serviced

basis, and pursuant to Section 26(3) of the Act, such a Transfer ~~shall result~~results in (i) a reduction in the balance in the Fair Hydro Variance Account, (ii) the corresponding adjustment of the Regulatory Asset, and (iii) the acquisition by the Issuer of an Investment Interest corresponding to the ~~specified portion~~Specified Portion of the Regulatory Asset;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer desires to be so engaged;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors (as defined in the Indenture) and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement.

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

~~"**Administrative Agent**" means OPG, in its capacity as administrative agent of the Issuer;~~

~~"**Administrative Services Agreement**" means the administrative services agreement dated ■, 2017 between the Administrative Agent and the Issuer concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Issuer;~~

~~"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the~~

~~ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;~~

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are~~, or the office of the Indenture Trustee is,~~ authorized or obligated by law, regulation or executive order to be closed;

"Carrying Costs" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the ~~Issuer~~**parties hereto** and any other owner or owners of an Investment Interest as contemplated by ~~subsection~~**Section** 29(5) of the Act **in form and substance satisfactory to the parties hereto, acting reasonably**;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" has the meaning ascribed thereto in Section **[8.02(a)]**[1] of the Indenture;

~~"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at ■; Telephone: ■; Email: ■, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice;~~

[1] All cross-references to the Indenture to be conformed to the final version of the Indenture.

"**Daily Remittance Event**" means ~~■ [NTD: Definition to be tied to the loss of investment grade ratings of the IESO]~~the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

~~"**Electricity Act**" means the *Electricity Act, 1998*, SO, 1998;~~

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report" means a report as contemplated by Section 17(s) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:**

(a) **its total CEA Consumer Invoice Amounts in such Billing Period;**

(b) **its total Electricity Vendor CEA Collections during such Billing Period; and**

(c) **such other information as may be agreed to.**

"Eligible Deposit Account" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to ~~subsection~~**Section** 24(1) of the Act;

~~"**Finance Reserve Deposit**" has the meaning ascribed to the term "finance reserve deposit" in the Regulations;~~

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

~~"**Financing Entity Expenses**" has the meaning ascribed to the term "financing entity expense" in the Regulations;~~

~~"**Funding Cost**" has the meaning ascribed to the term "funding cost" in the Regulations;~~

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

~~["**Funding Rebate**" has the meaning ascribed thereto in Section 3.4(b);]~~**[NTD: Terminology and provisions relating to IESO payment of carrying costs during the moratorium period subject to finalization of regulations creating this obligation.]**

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

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act*, *1998*, SO, 1998;

[NTD: The Issuer may at some point have to publicly file this Agreement, and a copy of it will be circulated to the rating agencies. Therefore, it seems prudent not to include IESO bank account details in the Agreement.]

"**IESO Deferral**"~~, at any time, means the amount determined by the IESO under subsection 23(1) of the Act and sections 15 and 16 of the Regulations and recorded by the IESO under subsection 24(1) of the Act in the Fair Hydro Variance Account at such time~~ **has the meaning ascribed to the term "IESO deferral" in the Act**;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" **has the meaning ascribed thereto in Section** means the account established under Section ~~3.3~~**3.4**(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization,

moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly ~~Funding Expenses~~Carrying Costs**" has the meaning ascribed thereto in Section ~~3.4~~3.14(~~a~~b);

"**Monthly ~~Funding Rebate~~Carrying Costs Statement**" has the meaning ascribed thereto in Section ~~3.4~~3.14(~~a~~b);

~~25847049.5~~**24817972.2**

"**Monthly Report**" has the meaning ascribed thereto in Section ~~3.3~~**3.5**(~~e~~**a**);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture, and delivered to the Indenture Trustee;

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

"**Opinion of Counsel**" means one or more written opinions of counsel, ~~who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel,~~ which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

~~"**Outstanding Amount**" means the aggregate principal amount of all Funding Obligations outstanding at the date of determination;~~

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"Permitted Transfer" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" ~~means the Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Administrative Services Agreement, this Agreement, each Transfer Notice, any Co-Owner Agreements, the Provincial Protection and Assurances Agreement and any hedging agreements, credit enhancement agreements, loan agreements and underwriting or agency agreements in effect at such time and all other documents and certificates delivered in connection therewith;~~**has the meaning ascribed thereto in the Indenture;**

~~"**Provincial Protection and Assurances Agreement**" means the Provincial Protection and Assurances Agreement dated as of ■, 2017 between **[Her Majesty the Queen in Right of Ontario, as represented by the Minister, the Indenture Trustee and the Issuer]**[NTD: **Subject to finalization of agreement**];~~

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(a);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

~~"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;~~

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Released Parties**" has the meaning ascribed thereto in Section 6.1(~~e~~**f**);

"**Remittance Date**" means, in respect of each Billing Period, the **[3rd]**[2] ~~Servicer~~ Business Day following the last day of each Billing Period;

"Required Servicer Rating" means ■; [NTD: Definition to tie to loss of investment grade credit rating.]

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; (c) a Successor Servicer, any authorized director or officer of the Successor Servicer; and (d) the Indenture Trustee, any officer ~~within the Corporate Trust Office~~ of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject);

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

~~"**Servicer Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business;~~

"**Servicer CEA ~~Collections~~Receipts**" has the meaning ascribed thereto in Section ~~3.2(a)(ii~~**3.4(e**);

[2] ~~Based on the monthly payment cycle charts prepared by OPG.~~

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

~~"**Tax Liability**" has the meaning ascribed to the term "tax liability" in the Regulations;~~

~~"**Tax Refund**" has the meaning ascribed to the term "tax refund" in the Regulations;~~

"**Termination Event**" has the meaning ascribed thereto in Section ~~3.11~~■;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(a) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings[~~3~~2]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration

[~~3~~2] Torys to conform boilerplate provisions, as applicable, across all transaction documents.

means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

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

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

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

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset

(a) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of ~~each~~**any** calendar month, ~~provide~~**offer** to **Transfer to** the Issuer a **Specified Portion of the Regulatory Asset by providing to the Issuer a** Transfer Notice executed by the Transferor and setting out (i) the ~~specified~~

~~portion~~**Specified Portion** of the Regulatory Asset that the Transferor ~~desires~~**is offering** to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of ~~the specified portion~~**such Specified Portion** of the Regulatory Asset ~~that the Transferor proposes to Transfer to the Issuer~~, (iii) the Closing Date to effect such transfer which shall be **no earlier than** the ~~10~~**[5th]** Business Day ~~following~~**after the** delivery of the **Transfer Notice and no later than the last Business Day of the calendar month in which the** Transfer Notice **was delivered**, or such other ~~date~~**Business Day** as may be agreed ~~upon~~ by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

~~(b)~~ ~~**[The Issuer shall use commercially reasonable efforts to provide reasonable notice to the Transferor if the Issuer has reasonable cause to believe that it will not accept a Transfer Notice sent by the Transferor or that the conditions precedent in Sections 2.2(b)(i), (v), (vi), (vii), (viii) and (vii) will not be satisfied on the relevant Closing Date.][NTD: Subject to review by OPG.]**~~

(b) ~~(c)~~ On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the ~~portion~~**Specified Portion** of the Regulatory Asset subject to the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the ~~specified portion~~**Specified Portion** of the Regulatory Asset and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

~~(d) In consideration and as an inducement for the Issuer to acquire the Investment Interest at the Purchase Price, the Transferor shall, concurrently with each such Transfer and in accordance with Section 3.4, agree to pay to the Issuer all Monthly Funding Expenses that are incurred by or on behalf of the Issuer in connection with each applicable Transfer in respect of each calendar month in which there are no Clean Energy Adjustments billed to Specified Consumers.~~

(c) ~~(e)~~ Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by **bank** wire transfer **or bank electronic funds transfer,** in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. **The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(c) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.**

(d) ~~(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e):~~ **Upon receipt by the Transferor of the payment referred to in Section 2.1(c),** the Transferor shall reduce the balance of the Fair Hydro Variance Account by an

amount equal to the Purchase Price **received and shall retain no further right, title or interest in the corresponding Issuer Investment Interest.**

~~(i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price and, as a consequence, the Regulatory Asset shall be adjusted accordingly; and~~

~~(ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any adverse claim, and in accordance with section 27(1) of the Act, shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Issuer.~~

~~(g) Any Transfer of a specified portion of the Regulatory Asset by the Transferor pursuant to this Agreement shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Issuer, shall be treated as a true sale and not as a pledge of or secured transaction relating to the Transferor's right, title, and interest in, to, and under the specified portion of the Regulatory Asset. After giving effect to a Transfer contemplated hereby, the Transferor shall have no right, title or interest in, to or under the corresponding Investment Interest because (i) it has Transferred all of its right, title and interest in and to the corresponding specified portion of the Regulatory Asset to the Issuer, (ii) as provided in the Act, all right, title and interest to the corresponding Investment Interest shall be vested in the Issuer, (iii) as provided in the Act, such Transfer is perfected, vested, valid and binding as against the Transferor and all other Persons who may have claims of any kind against the Transferor, regardless of whether the Persons who have claims have received notice of the Transfer, and (iv) the property rights and interests acquired by the Issuer shall be free and clear of any Liens arising through the IESO.~~

(e) The parties intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(d), of a Specified Portion of the Regulatory Asset and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a ~~specified portion~~**Specified Portion** of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer and the Indenture Trustee, of the following ~~condition~~**conditions**:

(i) the Issuer and the Indenture Trustee shall have received from the Transferor the following documents, in form and substance satisfactory to each of the Issuer and the Indenture Trustee:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the ~~Program Agreements to which~~**performance by** the IESO ~~is party~~**of its obligations hereunder**, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers **or delegates** executing this Agreement ~~or any of the Program Agreements to which the IESO is party~~**and authorized to give notices and instructions hereunder (which can be changed by notice hereunder)**; and

(B) ~~reports showing the results of searches conducted against the IESO under applicable personal property security registers in the Province of Ontario together with executed copies of all discharges or releases of prior security interests relating to the Regulatory Asset subject to the Transfer; provided that the IESO may establish that any particular registration does not affect the Regulatory Asset by delivering a letter or acknowledgment signed by the applicable secured party.~~the Transferor shall have delivered to the Indenture Trustee, the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them**. [NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a ~~specified portion~~**Specified Portion** of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer and the Indenture Trustee of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and the Indenture Trustee and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor ~~is not insolvent and will not have been made insolvent by such Transfer and the Transferor~~ is not aware of any pending ~~insolvency~~**Insolvency Event** with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred ~~and not been waived~~**be continuing**, and (C) no Servicer Default shall have occurred and ~~not been waived~~**be continuing**;

(iv) on or prior to the applicable Closing Date, the Transferor shall have taken all action required to provide for the Transfer, upon payment of the Purchase Price, of the ~~specified portion~~**Specified Portion** of the Regulatory Asset as set forth in the applicable Transfer Notice on the Closing Date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Program Agreements;

(v) the Transferor shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(i), (ii), (iii) and (iv);

~~(vi) the Transferor shall have delivered to the Indenture Trustee, the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them [NTD: Scope of opinions required to be confirmed by the Dealers and their counsel];~~

(vi) ~~(vii)~~ as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vii) ~~(viii)~~ after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a specified portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be ~~fully~~ serviced by the Servicer **in**

accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled to receive any further compensation from the Issuer ~~or the Indenture Trustee~~ for its services in connection therewith. The Servicer ~~acknowledges the responsibility of the Servicer for servicing the related Issuer Investment Interest corresponding to the specified portion of the Regulatory Asset Transferred by the Transferor under this Agreement and hereby~~ agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 ~~**Duties of Servicer Generally**~~**Forecast of Electricity Consumption**

~~(a)~~ ~~The Servicer shall:~~

~~(i)~~ ~~issue settlement statements to Electricity Vendors that include amounts in respect of the Clean Energy Adjustment as prescribed by the Act and the Regulations;~~

~~(ii)~~ ~~receive from Electricity Vendors amounts in respect of Electricity Vendor CEA Collections including payments made directly to the IESO as an Electricity Vendor (such amounts received being "**Servicer CEA Collections**");~~

~~(iii)~~ ~~hold and remit Servicer CEA Collections in accordance with Section 3.3;~~

~~(iv)~~ ~~receive information from Electricity Vendors in respect of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections and such other information as the IESO may reasonably request for the purposes of determining the IESO Deferral or such further information as may be required;~~

~~(v)~~ ~~determine and record the IESO Deferral for each month and make any necessary corrections thereto in accordance with the Act and the Regulations;~~

~~(vi)~~ ~~forecast electricity demand by Specified Consumers for Reference Periods;~~

The IESO shall:

(a) ~~(vii)~~ provide ~~information~~ to the Board ~~in respect of forecast electricity demand or any other information the Board may require from the Servicer to facilitate the Board's determination of the rates at which~~**and the Financial Services Manager the forecasts of electricity consumption by** Specified Consumers ~~are to be invoiced so as to enable full recovery of the Clean Energy Adjustment in respect of any Reference Period;~~ **as contemplated by Section 8(3) of the Regulations; and**

~~(viii)~~ ~~respond to inquiries by Electricity Vendors, the Board or any other Governmental Authority with respect to the Clean Energy Adjustment;~~

~~(ix) investigate and handle delinquencies by Electricity Vendors regarding Servicer CEA Collections (and furnish reports with respect to such delinquencies to the Issuer);~~

~~(x) process and deposit Servicer CEA Collections and make periodic remittances to the Issuer in accordance with Section 3.3;~~

~~(xi) furnish periodic and current reports to the Issuer, the Board, the Indenture Trustee and the Rating Agencies, as may reasonably be required by the Issuer;~~

~~(xii) take all necessary action in connection with Funding Rebates as set forth herein and in the Regulations; and~~

~~(xiii) perform such other duties as may be reasonably required from time to time to be performed by it.~~

(b) ~~Without limiting the generality of Section 3.2(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, consumption and settlement statement calculation, settlement, collections, posting, payment processing and remittance with reasonable care and in material compliance with each applicable Requirement of Law, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others.~~**provide to the Board and the Financial Services Manager such other information and reports as the Board or the Financial Services Manager may reasonably request in connection with the calculation of the Clean Energy Adjustments and which is reasonably available to the Transferor without incurring material incremental expense.**

~~(c) Notwithstanding anything to the contrary in this Agreement, the duties of the Servicer set forth in this Agreement shall be qualified and limited in their entirety by the Act, the Regulations, all applicable laws and the rules and regulations promulgated thereunder as in effect at the time such duties are to be performed.~~

3.3 ~~Remittances~~ISO Deferral

~~(a)~~ The **IESO shall:**

(a) determine the IESO Deferral as required by Section 23 of the Act and the Regulations; and

(b) maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

~~25847649.5~~

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) **prior to receiving** Servicer ~~shall~~**CEA Receipts,** establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation ~~clearly~~ indicating that the funds deposited therein are held in trust for the benefit of the **Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or** owners of **an** Investment ~~Interests~~**Interest**. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account~~.~~**;**

(b) **prior to the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, make reasonable efforts to work with each Electricity Vendor to:**

(i) **establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;**

(ii) **settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor; and**

(iii) **establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; [NTD: Generally, someone will need to take responsibility for educating the Electricity Vendors and we believe the IESO is best positioned to take on this role given its existing relationships and opportunities to interact with the EVs.]**

(c) **request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;**

(d) **as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;**

(e) **as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(d), the "Servicer CEA Receipts");**

(f) ~~(b) The Servicer shall~~ deposit ~~all~~**the** Servicer CEA ~~Collections~~**Receipts** into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within **[**two ~~Servicer~~ Business Days**]** of receipt by the Servicer and **the Issuer Share of** such Servicer CEA ~~Collections~~**Receipts** shall remain in the IESO Segregated Account until remitted in accordance with Section ~~3.3(d)~~ **3.6;**

(g) respond to inquiries by Electricity Vendors **with respect to the Clean Energy Adjustment and amounts payable in respect thereof;**

(h) **request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within ■ Business Days of the end of each Billing Period;**

(i) **review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount remitted pursuant to Section 3.4(d);**

(j) **make reasonable efforts to contact each Electricity Vendor that:**

(i) **does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;**

(ii) **does not remit any Electricity Vendor CEA Collections in accordance with Section 3.4(d) or remits Electricity Vendor CEA Collections that do not match the amount thereof reported in its Electricity Vendor Billing Period Report,**

(iii) **delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or**

(iv) **does not certify that it has established the segregated account required by Section 10(2) of the Regulations,**

and attempt to resolve the applicable issue;

(k) **on a periodic basis as requested by the Issuer, review, pursuant to its rights under Section 10(4) of the Regulations, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments; provided that in the absence of evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Servicer shall not be required to review the records of a Electricity Vendor more often than ■.**

(l) ~~(c) The IESO agrees and acknowledges that it holds all~~**hold the Issuer Share of** Servicer CEA ~~Collections~~**Receipts** and **the Issuer Share of** any other proceeds in

respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer, any other owner of Investment Interests, the Indenture Trustee and the Specified Creditors and that all such amounts will be remitted by the Servicer and remit such amounts in accordance with this Section 3.3 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The IESO further agrees not to make any claim to reduce its obligation to remit all Servicer CEA Collections received by it in accordance with this Agreement. Servicer shall:

(d) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Collections received by the Servicer during a Billing Period and any interest earned thereon shall be remitted by the Servicer to the Collection Account no later than the Remittance Date immediately following such Billing Period. Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Collections on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on each Servicer Business Day.

(a) (e) On on or before the **[2nd] Servicer 8th Business Day]** following the end of each Billing Period, the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit B (a "**Monthly Report**"). ;

3.4 [Funding Rebates]

[NTD: Terminology and provisions relating to IESO payment of carrying costs during the moratorium period subject to finalization of regulations creating this obligation.]

(b) report to the Issuer any delinquencies by Electricity Vendors in respect of the CEA amounts collected and the remittance of Electricity Vendor CEA Collections;

(c) (a) On or before the **[4th]** Servicer Business Day following the end of each calendar month in which no Clean Energy Adjustment is billed to Specified Consumers, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Funding Rebate Statement**") setting out the aggregate amount of all (i) Funding Costs, (ii) Finance Reserve Deposits, (iii) Financing Entity Expenses, and (iv) Tax Liabilities (net of Tax Refunds), that were incurred by or on behalf of the Issuer during the previous calendar month ("**Monthly Funding Expenses**"). report to the Issuer any unresolved matters referred to in Section 3.4(j);

(b) On or before the **[10th]** Servicer Business Day following receipt by the IESO of the Monthly Funding Rebate Statement, the IESO shall, as required by the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer in

~~immediately available funds, an amount in Canadian dollars equal to the Monthly Funding Expenses set forth in the applicable Monthly Funding Rebate Statement (the "**Funding Rebate**").~~

~~**3.5 Reporting Functions**~~

(d) ~~(a) Notification of Laws and Regulations. The Servicer shall~~ promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance **of which it becomes aware** that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement~~.~~**; and**

(e) ~~(b) Other Information. Upon~~**upon** the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, ~~the Servicer shall~~ provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the **Issuer** Investment Interest or the Regulatory Asset**,** to the extent it is reasonably available to the Servicer~~,~~ **and** as may be reasonably necessary and permitted by law**,** to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer of its duties and obligations hereunder. ~~In addition, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Clean Energy Adjustment.~~

3.6 Remittances

(a) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA **Receipts** received by the Servicer during a Billing Period and any interest earned thereon shall be remitted by the Servicer to the Collection Account no later than the Remittance Date immediately following such Billing Period.

(b) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA **Receipts** on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account **on each Business Day.**

3.7 Limits to Obligations

Without in any way limiting the duties and obligations of the Servicer arising under the Act or the Regulations, the parties hereto agree the duties and obligations of the Servicer under this Agreement are limited as provided in this Section 3.7.

(a) **The Servicer is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.**

(b) **The Servicer is not responsible for enforcing the obligations of Specified Consumers or Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts.**

(c) **The Servicer shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of** Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) **the collection from Specified Consumers of amounts due** in respect of such invoices and **the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.**

(d) **The Servicer is under no responsibility or obligation to the Issuer with respect to whether the Clean Energy Adjustments funds remitted by the Servicer to Issuer during any or all periods is sufficient to satisfy the Issuer's obligations.**

(e) **The Servicer is under no obligation to initiate or prosecute any legal action relating to the collection of the Issuer Investment Interest.**

3.8 ~~3.6~~ **Servicing and Maintenance Standards**

(a) The Servicer shall ~~monitor payments and impose collection policies on Electricity Vendors with respect to Electricity Vendor CEA Collections. On behalf of the Issuer, the Servicer shall: (a) manage, service, administer, collect and receive Servicer CEA Collections with reasonable care and in material compliance with each applicable Requirement of Law, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to the collection of other amounts from Electricity Vendors for its own account and, if applicable, for others; (b) follow standards, policies and procedures in performing its duties as Servicer that are customary for an electricity market operator and administrator that regularly performs settlement functions; (c) use all reasonable efforts, consistent with its customary servicing procedures, to receive and hold Servicer CEA Collections in trust for the benefit of the Issuer; (d) comply with each Requirement of Law, including all regulations and guidelines, applicable to and binding on it relating to its duties hereunder; and (e) provide all information to the Board as required by the Act and the Regulations. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Investment Asset and the Issuer Investment Interest, which may include, at the direction of the Issuer, the taking of legal action, at the Issuer's expense but subject to the priority~~

~~of payments set forth in **[Section 8.02(e)]** of the Indenture. In no event shall the Issuer Investment Interest be set off at any time by the IESO or any Permitted Successor thereof in connection with any default by such Person or otherwise.~~**discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance the Requirements of Law, including the Act and the Regulations and shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions. In** furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with **reasonable care and in material compliance with applicable Requirement of Laws**, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to **similar settlement activities on its own account.**

~~**3.7 Binding Effect of Servicing Obligations**~~

(b) **The** Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(c) **Neither** the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment**.**

3.9 Appointments

The Servicer may at any time appoint any Person to **act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided** however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided **further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement** without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were **performing such obligations**. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, **and the Issuer shall not** have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section **3.11.**

3.10 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under **Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off** (in each case, a "**Termination**

~~25847049.5~~**24817972.2**

Event"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.11 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer, the Indenture Trustee and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Indenture Trustee and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.12 Mergers

~~The obligations to continue to provide services and to receive and account for Servicer CEA Collections and related amounts will be binding upon the Servicer and any Permitted Successor so long as the Servicer CEA Collections have not been fully received and posted.~~ Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section ~~3.7~~**3.12** and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section ~~3.7~~**3.12**, then, upon satisfaction of all of the other conditions of this Section ~~3.7~~**3.12**, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

~~25847049.5~~[illegible]

~~**3.8 Limitation on Liability of Servicer and Others**~~

~~(a) Except as otherwise provided under this Agreement, including Section 6.1, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such Person against any liability that would otherwise be imposed by reason of negligence, recklessness or willful misconduct in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, *prima facie* properly executed and submitted by any Person, respecting any matters arising under this Agreement.~~

~~(b) Except as provided in this Agreement, the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Issuer Investment Interest that is not directly related to one of the Servicer's enumerated duties in this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer will, at the direction of the Issuer, in respect of any Proceeding, undertake any action that is not specifically identified in this Agreement as a duty of the Servicer but that the Issuer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the Indenture Trustee under this Agreement and the interests of Specified Creditors under the Indenture.~~

3.13 ~~3.9~~ The IESO Not to Resign as Servicer

Subject to the provisions of Section ~~3.7~~**3.12**, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer, the Indenture Trustee and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Indenture Trustee and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

~~**3.10 Appointments**~~

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) ~~Subject to Section 3.10(b), the~~ Servicer ~~may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder; provided, however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided, further, that the Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the Issuer Investment Interest in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Investment Interest. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and none of the Issuer, the Indenture Trustee, Specified Creditors or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.9.~~ **During the period beginning on December 1, 2017 and ending on July 31, 2021, the IESO shall, as required under the Regulations, pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of Carrying Costs during the period beginning on June 1, 2017 and ending on July 31, 2021.**

(b) ~~The following matters shall be performed by the Electricity Vendors in accordance with the Act and shall not be considered an "appointment" for purposes of Section 3.10(a): (i) invoicing~~ Specified Consumers ~~in respect of the~~ Clean Energy Adjustment and ancillary matters related thereto; ~~(ii) collection from Specified Consumers of payments in respect of such invoices and remittance of such payments to the Servicer; and (iii) reporting to the Servicer the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and such other information the IESO may reasonably request for the purposes of determining the IESO Deferral or such further information as may be required. The Servicer shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations or in respect of the matters set out in this Section 3.10(b).~~ **On or before the 4th Business Day of each calendar month**, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of **Exhibit C (a "Monthly Carrying Costs Statement") setting out the amount of Carrying Costs in respect of the preceding calendar month ("Monthly Carrying Costs").**

~~**3.11 Effective Period and Termination**~~

(c) **On or before the 8th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under** the Regulations, deliver or cause to be delivered to the Issuer, by wire **transfer or electronic funds** transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly **Carrying Costs set forth in the applicable Monthly Carrying Costs Statement.**

3.15 IESO Security for CEA Remittances

~~The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.~~**If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer and the Indenture Trustee, as security for any failure of Electricity Vendors, following [July 31, 2021], to remit the Electricity Vendor CEA Collections.**

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 4.3, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer and the Indenture Trustee will rely thereon in paying the Purchase Price related to Transfers of ~~specified portions~~**Specified Portions** of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite **corporate** power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it~~, and to execute, deliver and carry out the terms of this Agreement, including, for greater certainty, acting as Servicer in accordance with this Agreement~~.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset~~,~~ **or** the servicing of related Investment Interests~~, the Issuer or the repayment when due of the Funding Obligations~~.

(c) Power and Authority. The IESO has the requisite **corporate** power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer ~~specified portions~~**Specified Portions** of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary **corporate** action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary **corporate** action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties.

(f) No Proceedings. ~~There are no Proceedings or, to~~**To** the IESO's knowledge, ~~investigations~~**there are no Proceedings** pending or ~~Proceedings~~ threatened~~, before any Governmental Authority having jurisdiction over~~ **against** the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under, or the validity or enforceability of, this Agreement or the Act.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information.~~(i)~~ At the date hereof and as of each applicable Closing Date, **except in respect of information provided by a third party,** all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Regulatory Asset is true and correct in all material respects and does not omit any material facts.

~~(ii) Each report and certificate delivered in connection with any filing made or information provided to the Board by the IESO in connection with the Act, including on behalf of the Issuer with respect to Clean Energy Adjustments, will constitute a representation and warranty by the IESO that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the IESO with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the IESO on the date such report or certificate is delivered).~~

(i) The Transfer. ~~On~~**After the completion of the Transfer on** the applicable Closing Date, the ~~specified portion of the Regulatory Asset as set forth in the applicable Transfer Notice shall be validly Transferred to the Issuer and the~~ IESO will have no right, title or interest in the ~~related~~ Investment Interest **related to the Specified Portion of the Regulatory Assets** as set forth in the applicable Transfer Notice and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except ~~pursuant to any Co-Owner Agreement, no portion of~~**for Permitted Transfers,** the ~~Regulatory Asset~~**IESO** has ~~been~~**not** sold, transferred, assigned~~,~~ **or otherwise conveyed any interest in the Regulatory Asset to any Person.**

(k) Liens. IESO has not pledged or otherwise ~~conveyed by the IESO~~**granted a Lien** to any Person ~~other than the Issuer or the Indenture Trustee, and,~~**in the Regulatory Asset and** to the IESO's knowledge (after due inquiry), ~~no security agreement,~~**there is no registered** financing statement ~~or equivalent security or lien instrument~~ listing the IESO as debtor covering ~~all or a portion of the Regulatory Asset (or the corresponding Investment Interest upon the Transfer thereof) is on file or of record in any jurisdiction, except such as may have been filed or recorded in favour of the Issuer or the Indenture Trustee in connection with the Program Agreements.~~(k) ~~Title. The IESO is the sole owner of the specified portion of the Regulatory Asset that is to be Transferred to the Issuer on~~

~~the applicable Closing Date, free and clear of all Liens~~**or extending to the Regulatory Asset**.

(l) Tax Liens. ~~After due inquiry, the~~**The** IESO **(i)** is not aware**, after due inquiry,** of any judgment or tax lien filing against the IESO**, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada)**.

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

~~(i) is solvent and expects to remain solvent;~~

(i) ~~(ii)~~ reasonably believes that it will be able to pay its debts as they come due; and

(ii) ~~(iii)~~ is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of an Investment Interest to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

4.3 Limitations on Representations and Warranties

Notwithstanding anything in this Agreement to the contrary, the IESO makes no representation or warranty **with respect to the collectability of the Issuer Share of Servicer CEA Receipts or** that the Issuer~~'s~~ Share of Servicer CEA ~~Collections will~~**Receipts** be sufficient to satisfy ~~in full~~ the Issuer's Funding Obligations.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

~~Subject to Section 3.9, so~~**So** long as any **Issuer** Funding Obligations are outstanding, the IESO (a) will keep in full force and effect its existence and remain validly

existing under the laws of the Province of Ontario, and (b) will obtain and preserve its qualifications to do business in each jurisdiction in which such qualification is or will be necessary to protect the validity and enforceability of this Agreement and each other instrument or agreement to which the IESO is a party necessary for the proper administration of this Agreement and the transactions contemplated hereby.

5.2 No Transfer or Liens

Except for ~~(a) the~~ Transfers under this Agreement to the Issuer or ~~any Lien for the benefit of the Specified Creditors or the Indenture Trustee, and (b) following the Co-Owner Implementation Date, Transfers to other Financing Entities who enter into a Co-Owner Agreement with the Issuer and Liens granted in connection therewith to Persons advancing Funding Obligations to such other Financing Entities, the IESO will not sell, pledge, assign or transfer to any other Person, or~~ **Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not** grant, create, incur, assume or suffer to exist any Lien on~~, any portion of~~ the Regulatory Asset~~, whether existing as of the applicable Closing Date or thereafter created, or any interest therein~~ **or any portion thereof**. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, and will defend the right, title and interest of the Issuer and of the Indenture Trustee, on behalf of the Specified Creditors, in, to and under the Issuer Investment Interest against all claims of third parties claiming through or under the Transferor.

5.3 Notice of Liens

The IESO shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any portion of the Regulatory Asset~~, other than the Transfers hereunder and any Lien pursuant to the Program Agreements~~.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset~~,~~ the Investment Asset or Investment Interests, except to the extent that failure to so comply would not materially adversely affect the Issuer's~~,~~ **or** the Indenture Trustee's ~~or the Specified Creditors'~~ interests in the Issuer Investment Interest~~ under any of the Program Agreements~~, the value of the Issuer Investment Interest, the timing or amount of Clean Energy Adjustments payable by Specified Consumers or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for passive investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations ~~other than Funding Rebates~~.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

~~(d) The IESO agrees that upon completion of a Transfer, the IESO shall reduce the balance in the Fair Hydro Variance Account by the Purchase Price and will adjust the Regulatory Asset accordingly.~~

(d) ~~(e)~~ (i) ~~in~~**In** all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the ~~specified portion~~**Specified Portion** of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, **and** (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement~~, and (iv) the IESO shall not sell any portion of the Regulatory Asset pursuant to the Act to any other Person unless a Co-Owner Agreement has been entered into and the Rating Agency Condition has been satisfied with respect thereto~~.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide ~~all~~**such non-confidential** information regarding ~~the~~ IESO, the ~~IESO Deferral, the~~ Regulatory Asset ~~or~~**and** the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for

inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents and represents that**, except in respect information provided by a third party,** all such information is, **as** at the respective dates of delivery to the Issuer, true and correct in all material respects, contains no misrepresentation and constitutes full, true and plain disclosure of all material facts relating to the IESO Disclosure.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

~~5.9 Co-Owner Agreements~~

~~The IESO shall not continue as or become a party to any purchase and sale agreement or similar arrangement (other than this Agreement) under which it sells all or any portion of the Regulatory Asset unless (i) the Rating Agency Condition shall have been satisfied, (ii) the Indenture Trustee, the Transferor and the other parties to such additional arrangement shall have entered into a Co-Owner Agreement in connection therewith, and (iii) the terms of the documentation evidencing such purchase and sale arrangement or similar arrangement shall expressly exclude the Issuer Investment Interest (including the Issuer Share of any Servicer CEA Collections) from any receivables, rights or other assets pledged or sold under such arrangement and unless the purchaser under such arrangement is a Financing Entity.~~

5.9 ~~5.10~~ Access to Certain Records and Information Regarding Investment Interest

The IESO shall provide to the Issuer and the Indenture Trustee access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA ~~Collections~~**Receipts**, as is reasonably required for the Issuer and the Indenture Trustee to confirm compliance by the IESO with its obligations under this Agreement~~ and any other Program Agreements to which the IESO is a party~~. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section ~~5.10~~**5.9** shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section ~~5.10~~**5.9**.

5.10 ~~5.11~~ Maintenance of Operations

Subject to Section ~~3.7~~**3.12**, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario ~~in order to provide service~~ so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Specified Creditors), the Manager~~, the Administrative Agent~~ and each of their respective trustees, officers, directors, employees and agents (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against any such Person as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; **and** (ii) the IESO's breach of any of its representations or warranties under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; and ~~(iii) any litigation and related expenses relating to the IESO's status and obligations as Servicer (other than any Proceeding the IESO is required to institute under this Agreement)~~, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice ~~(or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only)~~ of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party

shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the IESO ~~shall authorize~~**authorizes** the Indemnified Party to employ separate counsel at the expense of the IESO, or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section ~~3.7~~**3.12**) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to **Section 3.11 of** this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the resignation or removal of the Indenture Trustee or the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO. ~~Other than provided in the preceding sentence, the~~

(e) **The** IESO shall not **be required to** indemnify any party under this Section 6.1 for any **losses resulting from** changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

~~25847049.5~~

(f) ~~(e)~~ Except to the extent expressly provided in this Agreement (including the payment of the Purchase Price), the IESO hereby releases and discharges the Issuer ~~and the Indenture Trustee,~~ and each of ~~their respective~~**its** trustees, officers, directors and agents (collectively, the "**Released Parties**"), from any and all actions, claims and demands whatsoever, whenever arising, which the IESO, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Investment Interest or the IESO's activities with respect thereto, other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account ~~on behalf of the Issuer~~ any required remittance that shall continue unremedied for a period of **[two/three] [NTD: Rating Agencies will expect 2-3 days]** Business Days after written notice of such failure is received by the Servicer from the Issuer ~~(with a copy to the Indenture Trustee)~~ or the Indenture Trustee or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement (other than as provided in Section 7.1(a)) or any other Program Agreement to which it is a party, which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer ~~(with a copy to the Indenture Trustee)~~ or to the Servicer or the IESO, as the case may be, by the Indenture Trustee or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement or in any Monthly Report, shall prove to have been incorrect when made, which has a material adverse effect on the Issuer, the Indenture Trustee or any other Specified Creditor and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the

same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; **or**

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs; ~~or~~

~~(f) the termination or withdrawal of the "Servicing Guarantee" under the Provincial Protection and Assurances Agreement. **[NTD: Subject to finalization of the Provincial Protection and Assurances Agreement.]**~~

then, and in each and every case, the Indenture Trustee shall, upon the instruction of the Specified Creditors ~~evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations~~**as provided for under the Trust Indenture**, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Specified Creditors) (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), the Specified Creditors and the Indenture Trustee (or any of their representatives) shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the ~~Investment Interest.~~**Issuer.** On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, ~~the IESO Deferral,~~ the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall

not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, and at the written direction and with the consent of the Specified Creditors ~~evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations~~**as provided for under the Trust Indenture** shall, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Indenture Trustee may, at the direction of Specified Creditors ~~evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations~~**as provided for under the Trust Indenture**, petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Indenture Trustee be liable for its appointment of a Successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.2(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in **[Section 8.02]** of the Indenture.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Indenture Trustee, with the written consent of Specified Creditors ~~evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations~~**as provided for under the Trust Indenture**, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Agreement. Upon any such waiver of a past

default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, the Manager, the Indenture Trustee and the Rating Agencies promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

~~(a)~~ This Agreement may be amended in writing by the IESO ~~and~~, the Issuer ~~with (i) the prior written consent of~~ **and** the Indenture Trustee~~, and (ii) the~~ **and with** satisfaction of the Rating Agency Condition. Promptly after the execution of any such amendment ~~or consent~~, the Issuer shall furnish copies of such amendment ~~or consent~~ to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withholding from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer, the **IESO or the Indenture Trustee will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.**

~~(b) Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the IESO and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the IESO stating that the execution of such amendment is authorized and permitted by this Agreement and that all conditions precedent provided for in this Agreement relating to such amendment have been complied with. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects their own rights, duties, indemnities or immunities under this Agreement or otherwise.~~

8.4 ~~8.2~~ Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
~~[Address]~~**120 Adelaide Street West, Suite 1600**
Toronto, Ontario M5H 1T1

Attention: ~~■~~
Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

(c) in the case of the Indenture Trustee:

■
[Address]

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 ~~8.3~~ Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 ~~8.4~~ Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO, the Issuer and, to the extent provided herein or in the other Program Agreements, the Indenture Trustee (for its own benefit and for the benefit of the Specified Creditors) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 ~~8.5~~ Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 ~~8.6~~ Separate Counterparts; Electronic Delivery

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

8.9 ~~8.7~~ Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 ~~8.8 Assignment~~Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to ~~any mortgage, pledge, assignment and~~the grant of a ~~security interest~~Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors ~~of~~against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. ~~In no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section [8.02] of the Indenture.~~

8.11 ~~8.9~~ Limitation of Liability of Indenture Trustee

It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Specified Creditors, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

8.12 ~~8.10~~ Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's

activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section ~~8.10~~**8.12**, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.13 ~~**8.11**~~ **Waivers**

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor

in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

~~**8.12 Indenture Trustee Actions**~~

~~In acting hereunder, the Indenture Trustee shall have the rights, protections and immunities granted to it under the Indenture.~~

~~**8.13 Issuer Trustee**~~

~~In acting hereunder, the Issuer Trustee shall have the rights, protections and immunities granted to it under the Declaration of Trust.~~

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

~~**ACKNOWLEDGED AND ACCEPTED:**~~

[INDENTURE TRUSTEE]
as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), ~~and~~ the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and ~~acknowledged and accepted by~~ **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its ~~desire~~**offer** to transfer to the Issuer on the Closing Date set out below, on a fully serviced basis, the ~~specified portion~~**Specified Portion** of the Regulatory Asset set out below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the ~~specified portion~~**Specified Portion** of the Regulatory Asset set out below, on a fully serviced basis, ~~**[and (ii) the Transferor's agreement to pay to the Issuer all (a) Funding Costs, (b) Finance Reserve Deposits, (c) Financing Entity Expenses, and (d) Tax Liabilities (net of Tax Refunds) that are incurred by the Issuer in connection with such Transfer,]**~~[4] the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date, (i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price**,** and the Regulatory Asset shall be adjusted accordingly; and (ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any

[4] ~~Funding Rebate language to be included in Transfer Notice only when Clean Energy Adjustment is not being charged.~~

adverse claim, and shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. **The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].**

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Subject to continuing review by the Dealers and ~~Counsel to confirm form of Monthly IESO Report~~their counsel.]

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), ~~and~~ the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and ~~acknowledged and accepted~~ by **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section ~~3.3~~■ of the Master Transfer and Servicing Agreement the Servicer hereby certifies in respect of the Billing Period corresponding to the calendar month of ■, ■, as follows:

	Item	**Amount**
(A)	Servicer CEA ~~Collections~~**Receipts**:	$■
(B)	Balance of Collection Account:	$■

[NTD: Any additional information considered necessary for OPG/IESO to be included.]

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT C

FORM OF MONTHLY ~~FUNDING REBATE~~CARRYING COSTS STATEMENT

See Attached

MONTHLY ~~FUNDING REBATE~~CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), ~~and~~ the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and ~~acknowledged and accepted by~~ **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly ~~Funding Rebate~~**Carrying Costs** Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section ~~3.4(a)~~**3.14** of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly ~~Funding Expenses incurred by the Issuer~~**Carrying Costs** in respect of the calendar month of ■, ■ are as follows:

~~Monthly Funding Expense~~	**Amount**
Funding ~~Costs~~**costs**:	$■
~~Finance Reserve Deposits~~**Derivative payments to be made**:	$■
Amounts deposited into accounts other than capital accounts:	**$■**
Financing ~~Entity Expenses~~**entity expenses**:	$■
Tax ~~Liabilities (net of Tax Refunds)~~**liabilities**:	$■
~~Total Monthly Funding Expense~~**Subtotal**:	$■
LESS:	
Amounts withdrawn from accounts other than capital accounts:	
Derivative payments to be received:	
Tax refunds:	**$■**
Subtotal:	**$■**
Monthly Carrying Costs	**$■**

~~**[NTD: Any additional information considered necessary for OPG/IESO to be included.]**~~

In accordance with Section ~~3.4~~**3.14**(b) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the ~~Total~~ Monthly ~~Funding Expense~~**Carrying Costs** set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on October-25-17 12:04:10 PM

Input:	
Document 1 ID	file://C:\Users\rramchan\Desktop\Fair Hydro - Master Transfer Servicing Agreement (Alternative Funding Rebate Regulation Version).docx
Description	Fair Hydro - Master Transfer Servicing Agreement (Alternative Funding Rebate Regulation Version)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24367979/3
Description	#24367979v3<TorysAtWork> - Fair Hydro - MTSA (Osler Oct 20 Draft)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	437
Deletions	421
Moved from	29
Moved to	29
Style change	0
Format changed	0

Total changes	916

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF: -

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

ACKNOWLEDGED AND ACCEPTED BY:

[INDENTURE TRUSTEE], a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee,

(hereinafter referred to as the "**Indenture Trustee**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay and remit to the Secured Party any amounts charged to the Grantor by the Secured Party in respect of Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party as security for, inter alia, the performance of the Statutory Obligation;

AND WHEREAS this Agreement has been assigned by the Secured Party, by way of security, to the Indenture Trustee and the Indenture Trustee wishes to acknowledge and accept the terms of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Appropriation**" shall have the meaning ascribed to such term in the *Financial Administration Act*, R.S.O. 1990, c. F-12, as amended;

(c) "**Breach**" shall have the meaning attributed to such term in Section 6.1;

(d) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(e) "**Carrying Costs**" shall have the meaning attributed to such term in the Regulation;

(f) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(g) "**Excluded Accounts**" means all amounts payable to the Grantor pursuant to Appropriations;

(h) "**Money**" shall have the meaning attributed to such term in the PPSA;

(i) "**Permitted Liens**" means liens approved in writing by the Secured Party and the Indenture Trustee ;

(j) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(k) "**Proceeds**" shall have the meaning attributed to such term in the PPSA;

(l) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(m) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto;

(n) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment and performance of the Statutory Obligation, the Grantor hereby assigns, transfers, sets over and grants a first-priority security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, debts, choses in action and demands of every nature and kind, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Grantor, excluding Excluded Accounts;

(b) all deeds, documents, writings, papers and books relating to or being records of the property described in Section 2.1(a); and

(c) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in the Collateral, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) Not to pay any other obligations of the Grantor at any time when its Statutory Obligation to pay Carrying Costs is in arrears, except to the extent that such other obligations are satisfied from amounts payable to the Grantor pursuant to Appropriations.

(b) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(c) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(d) To deliver to the Secured Party such information concerning the Collateral or the Grantor as the Secured Party may reasonably request from time to time.

(e) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby and to accomplish the intention of this Agreement.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the

Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights before Breach

Until the occurrence of a Breach and subject to the terms hereof, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby or the value of the Collateral or which would be inconsistent with or violate the Regulation, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business;

(b) release, surrender or abandon possession of the Collateral or any part thereof; or

(c) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion but subject to the written approval of the Indenture Trustee, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The

execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **No Other Business Names or Styles** – The Grantor does not carry on business under or use any name or style other than the name(s) specified in Schedule A to this Agreement including.

(d) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(e) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the Collateral free and clear of any liens other than Permitted Liens.

(f) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(g) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement or in any certificate or other document delivered by or on behalf of the Grantor to or for the benefit of the Secured Party are material, shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. BREACH AND ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable upon the occurrence of any of the following events each of which shall constitute a "**Breach**":

(a) the Grantor is in breach of the Statutory Obligation;

(b) any representation or warranty made or deemed made by or on behalf of the Grantor to the Secured Party under or in connection with this Agreement shall be materially false on the date as of which made; or

(c) any breach by the Grantor of any of the covenants, terms or provisions of Article 3 of this Agreement.

6.2 Remedies

At any time after the happening of any Breach, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts (other than Excluded Accounts) of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

After the security hereby constituted becomes enforceable,

(a) all Money or other form of payment received by the Grantor in respect of all of its Accounts shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the Statutory Obligation or the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon the Secured Party taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

6.12 Care by the Secured Party

The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Secured Party's possession if it takes such action for

that purpose as the Grantor requests in writing, but failure of the Secured Party to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Secured Party to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Grantor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

6.13 Application by Grantor re: Receiver

The Grantor hereby irrevocably waives its right to make an application to any court with respect to the appointment, powers or remuneration of the Receiver.

7. GENERAL

7.1 Waiver

Any breach by the Grantor of any of the provisions contained in this Agreement or any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

7.2 The Secured Party as Attorney

The Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, after the happening of any Breach, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
[Address]

Attention: ■
Email: ■
Facsimile: ■

In the case of the Secured Party:

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■
Facsimile: ■

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of the Grantor, assign or transfer this Agreement to any other person (the "**Assignee**"). The Assignee shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of and the right to enforce this Agreement to the same extent as if the Assignee were the Secured Party. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the Parties.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

[INDENTURE TRUSTEE]
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. **Grantor's exact legal name: Independent Electricity System Operator**

   ■ [French]

2. **Grantor's jurisdiction of incorporation: Ontario**

3. **Grantor's registered office address: ■**

4. **Location of Grantor's business operations and records: ■**

Torys Draft:
October 26, 2017

[ISSUER]

as Issuer

AND

[INDENTURE TRUSTEE]

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Other Specified Creditors 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 7
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc 10
2.03 Use of Collateral 11
2.04 Suits To Protect the Collateral 12
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 13
2.09 Release of all Collateral 14
2.10 Certain Commercial Law Representations and Warranties 14

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 15
3.03 Form of Indenture Trustee's Certificate of Authentication 16
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 18
3.06 Beneficial Ownership of Global Notes 20

TABLE OF CONTENTS
(continued)

Page

3.07 Notices to Depository 20
3.08 CUSIP Numbers 20

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series, Class or Tranche of Notes 21
4.02 Denominations 24
4.03 Execution, Authentication and Delivery and Dating 24
4.04 Temporary Notes 25
4.05 Registration, Transfer and Exchange 25
4.06 Mutilated, Destroyed, Lost and Stolen Notes 29
4.07 Persons Entitled to Payment 30
4.08 Cancellation 31
4.09 Protection of Notes 31
4.10 New Issuances of Notes 31

ARTICLE V CONDITIONS PRECEDENT 32

5.01 Conditions Precedent for Incurrence of Indebtedness 32
5.02 No Consent 33
5.03 Conditions Precedent for the Incurrence of other Obligations Secured 34
5.04 Acknowledgements 34

ARTICLE VI SUBORDINATION 34

6.01 Subordination 34
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations 35
6.03 Rights of Specified Creditors Preserved 35
6.04 Renewal or Extension of Senior Funding Obligations 36

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 36

7.01 Available Collections 36
7.02 Issuer Accounts 36
7.03 Investment of Funds in the Issuer Accounts 39
7.04 Allocation of Amounts on Deposit in the Collection Account 40
7.05 Allocation of Amounts on Deposit in the Other Issuer Accounts 43
7.06 Payments to be Held in Trust 44
7.07 Application of Trust Money 44

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 44

8.01 Events of Default 44
8.02 Acceleration of Maturity; Rescission and Annulment 45

TABLE OF CONTENTS
(continued)

Page

8.03 Waiver of Past Defaults 47
8.04 Notice of Defaults 47
8.05 Remedies Generally 48
8.06 Default Interest and Expenses 48
8.07 Indenture Trustee May File Proofs of Claim 49
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 49
8.09 Indenture Trustee May Elect to Hold the Collateral 50
8.10 Termination by Indenture Trustee of Manager and Servicer 50
8.11 Control by Debtholders 50
8.12 Limitation on Suits 50
8.13 Application of Money Following an Event of Default 51
8.14 Limited Recourse 53
8.15 Restoration of Rights and Remedies 53
8.16 Rights and Remedies Cumulative 53
8.17 Delay or Omission Not Waiver 54
8.18 Waiver of Stay or Extension Laws 54
8.19 Indenture Trustee Appointed Attorney 54
8.20 Disclaimer of Marshalling 55

ARTICLE IX THE INDENTURE TRUSTEE 55

9.01 Certain Duties and Responsibilities 55
9.02 Certain Rights of Indenture Trustee 56
9.03 Not Responsible for Recitals or Issuer Funding Obligations 58
9.04 May Hold Notes 58
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 58
9.06 Corporate Indenture Trustee Required; Eligibility 59
9.07 Resignation and Removal; Appointment of Successor 59
9.08 Acceptance of Appointment by Successor 61
9.09 Merger, Conversion, Consolidation or Succession to Business 61
9.10 Trust Indenture Legislation 62
9.11 Representations and Covenants of the Indenture Trustee 62
9.12 Indenture Trustee's Application for Instructions from the Issuer 62
9.13 Appointment of Co-Trustee or Separate Indenture Trustee 63
9.14 Preservation of Information; Communications to Debtholders 64
9.15 Acceptance of Trusts by Indenture Trustee 65
9.16 Paying Agent 65

ARTICLE X MEETINGS 67

10.01 Conduct of Meetings 67
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 69
10.03 Extraordinary Resolution 71
10.04 Declaration by Chairman of Result of Vote 72

TABLE OF CONTENTS
(continued)

Page

10.05 Minutes 72
10.06 Signed Instruments 72
10.07 Persons Who May Attend 72
10.08 Binding Effect of Resolutions 72
10.09 Notes Regarded as Not Outstanding for Certain Purposes 73

ARTICLE XI SUPPLEMENTAL INDENTURES 73

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 73
11.02 Supplemental Indentures and Amendments with Consent of Debtholders 75
11.03 Execution of Amendments and Supplemental Indentures 76
11.04 Effect of Amendments and Supplemental Indentures 76
11.05 Reference in Notes to Supplemental Indentures 77

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 77

12.01 Representations and Warranties of the Issuer 77

ARTICLE XIII COVENANTS OF THE ISSUER 79

13.01 Payment of Principal and Interest 79
13.02 Use of Proceeds 79
13.03 Maintenance of Office or Agency 79
13.04 Legal Existence 80
13.05 Separateness Covenants 80
13.06 Compliance with Laws 81
13.07 Performance of Obligations 81
13.08 Funding Obligations 81
13.09 Financial Statements 82
13.10 Statement as to Compliance 82
13.11 Payment Instruction 82
13.12 Notice of Events of Default 82
13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 83
13.14 Other Positive Covenants 83
13.15 Rule 144A Information 84
13.16 Further Instruments and Acts 84
13.17 No Other Business 84
13.18 Amendments to Program Agreements 84
13.19 Issuer May Consolidate, Etc., Only on Certain Terms 85
13.20 Successor Substituted 86
13.21 Guarantees, Loans, Advances and Other Liabilities 86
13.22 Capital Expenditures 86
13.23 Restricted Payments 86

TABLE OF CONTENTS
(continued)

Page

13.24 No Borrowing 87
13.25 Other Negative Covenants 87
13.26 Indenture Trustee May Perform Covenants 87

ARTICLE XIV MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS 88

14.01 Management Agreement 88
14.02 Credit Enhancement Agreements 88

ARTICLE XV NOTICES 89

15.01 Notice to Issuer 89
15.02 Notice to the Indenture Trustee 89
15.03 Notice to Noteholders 90
15.04 Notice to Other Specified Creditors 91
15.05 Notice to Rating Agencies 91
15.06 Change of Address 91

ARTICLE XVI MISCELLANEOUS 91

16.01 No Petition 91
16.02 U.S. Tax Treatment 92
16.03 Alternate Payment Provisions 92
16.04 Final Distribution 92
16.05 Force Majeure 93
16.06 Delivery of Executed Copies 93

SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF PAYMENT INSTRUCTIONS

This **TRUST INDENTURE**, between **[ISSUER]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Funding Obligations in one or more Series, Classes or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

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

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) [all other terms used herein which are defined in the Master Transfer and Servicing Agreement, either directly or by reference therein, have the meanings assigned to them therein;][1]

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

[1] **NTD**: Defined terms from Master Transfer and Servicing Agreement to be included in Schedule A. Schedule A will be a master glossary for all Program Agreements.

(d) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

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

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

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

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

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

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

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series, Class or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the first authentication of Notes of such Series, Class or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Series, Class or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. If Notes of a Series, Class or Tranche are issuable in whole or in part as Bearer Notes, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at

any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness to such execution or by the certificate of any notary public or other officer authorized by applicable law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or limited liability company, or a partner of a partnership, on behalf of such corporation, limited liability company or partnership, such certificate or affidavit will also constitute sufficient proof of his or her authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the

Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to Section 4.01 or pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided

in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than 90 days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

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

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

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

1.13 Interest Act

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

1.14 Currency

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

1.15 References to Acts of the Issuer

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

a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

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

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) the Collection Account, the Refinancing Account, each Finance Reserve Account, each Capital Reserve Account and each Supplemental Reserve Account (including all Sub-Accounts of each of the foregoing);

(iii) all Eligible Investments and all investment property, money and other property held in the Collection Account, the Refinancing Account, any Finance Reserve Account, any Capital Reserve Account or any Supplemental Reserve Account (including any Sub-Accounts of each of the foregoing);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Series, Class or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Series, Class or Tranche of Notes as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Series, Class or Tranche of Notes (except as to any surviving rights of transfer or exchange of Notes of that Series, Class or Tranche expressly provided for herein or in the form of Note for that Series, Class or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Series, Class or Tranche, when:

(i) all Notes of that Series, Class or Tranche theretofore authenticated and delivered (other than (A) Notes of that Series, Class or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.04(b), and (B) Notes of that Series, Class or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.04(b)) have been delivered to the Indenture Trustee canceled or for cancellation;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Notes of that Series, Class or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that Series, Class or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Series, Class or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that Series, Class or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.07 and 16.04(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other

documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Series, Class or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be

evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Series, Class or Tranche designated therein referred to in the within-mentioned Indenture.

[INDENTURE TRUSTEE], as Indenture Trustee,

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes pursuant to Sections 3.02 and 4.01 that the Notes of a particular Series, Class or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such Series, Class or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to [Fair Hydro Trust] (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of

CDS Clearing and Depository Services Inc. ("**CDS**"), to [Fair Hydro Trust] (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Series, Class or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Series, Class or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Series, Class or Tranche of like tenor and terms in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Series, Class or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by

such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Series, Class or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Series, Class or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such Series, Class or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing with respect to such Global Notes, and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of that Series advise the Indenture Trustee and the Depository that a Global Note is no longer in the best interest of the Noteholders of that Series, the holders of Global Notes of that Series may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Tranche, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series, Class or Tranche and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for

beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, Class or Tranche, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series, Class or Tranche of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such

Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable clearing agency or Depository and the clearing agency's or Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the applicable clearing agency or Depository and the clearing agency's or Depository's participants and will be limited to those established by applicable law and agreements between such Note Owners and the clearing agency or Depository and/or the clearing agency's or Depository's participants. Pursuant to the operating rules of the applicable clearing agency, unless and until Notes in definitive form are issued pursuant to Section 3.04, the clearing agency or the Depository will make book-entry transfers among the clearing agency's or the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such clearing agency's or Depository's participants.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the clearing agency and the clearing agency's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide

the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series, Class or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes may be issued in one or more Series, Classes or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) Each Note issued must be part of a Series, Class and Tranche of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A Class or Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes may, but need not be, subdivided into multiple Classes. Notes belonging to a Class in any Series may be entitled to specified payment priorities over other Classes of Notes in that Series.

(e) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If a Series of Notes is subdivided into multiple Classes, the Notes of each Class of such Series shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Class of Notes belong to different Tranches, all Notes of such Class, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Class of Notes.

(f) Notes of a Series that belong to different Classes in that Series belong to different Tranches on the basis of the difference in Class membership.

(g) Each Class of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Class of a Series will belong to different Tranches if they have different terms and conditions. With respect to any Class of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(h) Before the initial issuance of Notes of each Series, Class or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Series designation;

(ii) the Stated Principal Amount of the Notes;

(iii) whether such Notes are of a particular Class of Notes or a Tranche of a Class of Notes;

(iv) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(v) if the principal of or interest, if any, on such Notes are to be payable, at the election of the Issuer or a Noteholder, in a currency or currencies other than that in which the Notes are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(vi) if the amount of payments of principal of or interest, if any, on such Notes may be determined with reference to an index based on (A) a currency or currencies other than that in which the Notes are stated to be payable, (B) changes in the prices of one or more other securities or indexes of securities or (C) changes in the prices of one or more commodities or indexes of commodities, or any combination of the foregoing, the manner in which such amounts will be determined;

(vii) the price or prices at which such Series, Class or Tranche of Notes will be issued;

(viii) the times at which such Series, Class or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;[2]

(ix) the rate per annum at which such Series, Class or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(x) each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series, Class or Tranche of Notes;

(xi) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific

[2] To confirm whether optional or mandatory redemption is possible. If not, a specific provision prohibiting it will be included.

Dollar Principal Amount, as applicable, of such Series, Class or Tranche of Notes;

(xii) whether or not application will be made to list such Series, Class or Tranche of Notes on any securities exchange;

(xiii) any Events of Default with respect to such Series, Class or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series, Class or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series, Class or Tranche);

(xiv) if such Series, Class or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xv) if such Series, Class or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series, Class or Tranche of Notes are to be issued with or without coupons or both;

(xvi) the subordination of such Series, Class or Tranche of Notes to any other indebtedness of the Issuer, including without limitation, the Notes of any other Series, Class or Tranche;

(xvii) if such Series, Class or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;

(xviii) if such Series, Class or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series, Class or Tranche of Notes, if different from the last day of the month before the related Payment Date;

(xx) the details of any accumulation period for such Series, Class or Tranche of Notes and the amount scheduled to be deposited in a Capital Reserve Account, if any, on each Payment Date during such accumulation period;

(xxi) whether and under what conditions, additional amounts will be payable to Noteholders of such Series, Class or Tranche; and

(xxii) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(i) The Notes of each Series, Class or Tranche will be distinguished from the Notes of each other Series, Class or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(j) Any terms or provisions in respect of the Notes of any Series, Class or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series, Class or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series, Class or Tranche, the Registered Notes of that Series, Class or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series, Class or Tranche, the Bearer Notes of that Series, Class or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series, Class or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series, Class or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series, Class or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series, Class or Tranche are issued, the Issuer will cause definitive Notes of such Series, Class or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series, Class or Tranche will be exchangeable for definitive Notes of such Series, Class or Tranche upon surrender of the temporary Notes of such Series, Class or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series, Class or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series, Class or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series, Class or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Series, Class or Tranche, and for transfers of Registered Notes or of Registered Notes of such Series, Class or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information

contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Series, Class or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Series, Class or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Series, Class or Tranche may be exchanged for other Notes of such Series, Class or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Series, Class and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum

sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Series, Class or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Series, Class or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Series, Class or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Series, Class or Tranche so selected for redemption or (B) if Notes of the Series, Class or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Series, Class or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Series, Class or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES**

ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or

non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Series, Class or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Series, Class or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors

pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Class or Tranche of a Series of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Class or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Class or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Class or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Class or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes. Furthermore, the targeted

deposits, if any, to any applicable Issuer Account, will be increased proportionately to reflect the principal amount of the additional Notes.

(b) When issued, the additional Notes of a Class or Tranche will be identical in all respects to the other Outstanding Notes of that Class or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Class or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Class or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.06 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(h) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(i) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(j) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.06 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to

Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall

transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account".

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account"

(c) From time to time in connection with the creation of any Series or Class of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors at such time shall be credited to a Capital Reserve Account, to the extent that there is a requirement for funds in such Capital Reserve Account, in accordance with the terms of any applicable Funding Obligation Agreement and Section 7.04. Each Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Capital Reserve Account. From the date

each such new Capital Reserve Account is established, it shall be a "Capital Reserve Account".

(d) From time to time in connection with the creation of any Series or Class of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for one or more Series or Classes of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time shall be credited to a Finance Reserve Account, to the extent that there is a requirement for funds in such Finance Reserve Account, in accordance with the terms of any applicable Funding Obligation Agreement and Section 7.04. Each Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Finance Reserve Account. From the date each such new Finance Reserve Account is established, it shall be a "Finance Reserve Account".

(e) From time to time in connection with the creation of any Series or Class of Issuer Funding Obligations, the Issuer may cause the Indenture Trustee to establish one or more Eligible Deposit Accounts denominated as "**Supplemental Reserve Accounts**" in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Supplemental Reserve Account may be established for such other purposes not prohibited by this Indenture as the Issuer may deem necessary or desirable from time to time. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time shall be credited to a Supplemental Reserve Account, to the extent that there is a requirement for funds in such Supplemental Reserve Account, in accordance with the terms of the any applicable Funding Obligation Agreement and Section 7.04. Each Supplemental Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Supplemental Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to

exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Supplemental Reserve Account, as applicable, that is an Eligible Deposit Account and shall transfer any funds or other property from such Supplemental Reserve Account to such new Supplemental Reserve Account. From the date each such new Supplemental Reserve Account is established, it shall be a "Supplemental Reserve Account".

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections 7.04 and 7.05.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided,

however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series, Class or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series, Class or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, or (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series, Class or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series, Class or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series, Class or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, or (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series, Class or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series, Class or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series, Class or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, or (iii) the Principal Payment Default Date of the Junior Subordinated Funding Obligations of such Series, Class or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, (A) to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; and then (B) to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[3] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(ii) Second, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iii) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(iv) Fourth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any other Issuer Account as required by any Related Funding Obligation Agreement, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(v) Fifth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

[3] To be confirmed.

(vi) Sixth, to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i);

(vii) Seventh, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(viii) Eighth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(ix) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;

(x) Tenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account (other than a Capital Reserve Account) related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(xii) Twelfth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Junior Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;

(xiii) Thirteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account (other than a Capital Reserve Account) related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xiv) Fourteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xv) Fifteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period; and

(xvi) Sixteenth, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in the Other Issuer Accounts

(a) Subject to clause (b) below, if, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date: (i) amounts on deposit in any Issuer Account, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations, may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (iii); (ii) amounts on deposit in any Issuer Account related solely to Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (ix); and (iii) amounts on deposit in any Issuer Account related solely to Junior Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (xii).

(b) Notwithstanding anything to the contrary contained herein but subject to Section 8.13:

(i) amounts on deposit in the Refinancing Account may only be withdrawn from the Refinancing Account for the purpose of repaying the principal amount of Issuer Funding Obligations which are due and payable and interest thereon; and

(ii) amounts on deposit in an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Issuer Funding Obligations may only be withdrawn from such Issuer Account for the purpose for which such Issuer Account was established and allocated only to those Specified Creditors for whom such Issuer Account was established.

7.06 Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.07 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES[4]

8.01 Events of Default

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

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of 65 days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 90 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of

[4] Subject to ongoing discussions.

all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 90 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within 90 days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 <u>Acceleration of Maturity; Rescission and Annulment</u>

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not

less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as

though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial

proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Series, Class or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Series, Class or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably

satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to (A) the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; and then to (B) the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[5] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(b) [Second, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;][6]

(d) Fourth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

[5] To be confirmed.

[6] Subject to ongoing discussion.

(e) Fifth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(f) Sixth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(g) Seventh, to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a);

(h) Eighth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(l) Twelfth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(m) Thirteenth, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Issuer Funding Obligations (which, for greater certainty, shall not include the Refinancing Account) shall first be used to satisfy all

obligations owing to those Specified Creditors for whom such Issuer Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

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

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or

otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary

Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the

Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the

security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as [Indenture Trustee] is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted

by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

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

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any

action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Issuer's property may at the time be located, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any Series, Class or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such Series, Class or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable Series, Classes and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection

Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on

any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, convene a meeting of the Debtholders of that Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Series, Class or Tranche to which such meeting relates, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary

to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of the Debtholders of a Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall

be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of that Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a Series, Class or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Series, Class or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Series, Class or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Series, Class or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Series, Class or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Series, Class or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Series, Class or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of all Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Series of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations,

to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest (other than Permitted Liens).

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Series, Class or Tranche, of all

Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, will be binding upon all of the Debtholders of such Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Series, Class or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Series, Class or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that Series, Class or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Series, Class or Tranche of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series, Class or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Series, Class or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Series, Class or Tranche of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional or alternative forms of Credit Enhancement for any Series, Class or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture

Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each Series, Class or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Series, Class or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Adjusted Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Series, Class or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Series, Class or Tranche of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Series with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Series, Class or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Series, Class or Tranche of Issuer Funding Obligations

affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Series, Class or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in

effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in

connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Series, Class or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the Refinancing of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Series, Classes or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Series, Class or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints

the **[■]**[7], as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) [prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;][8]

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

[7] OPG to confirm.

[8] To discuss financial statement requirements.

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited **[consolidated financial statements of the Issuer]** for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, **[unaudited consolidated financial statements of the Issuer]** for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.[9]

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year, or, if there has been a material default in the fulfillment of any such condition or covenant (without regard to any grace period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

[9] To discuss financial statement requirements.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such Series, Classes or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-

renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Series, Class or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Series, Class or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if

the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with

money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

[Issuer]
c/o Ontario Power Generation Inc.
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

[Issuer Trustee], in its capacity as Issuer Trustee for **[Issuer]**
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

[Indenture Trustee]
[Address]

Attention: [■]
Fax: [■]

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Series, Class or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series, Class or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series, Class or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.02 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.03 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.04 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any Series, Class or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Series, Class or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Series, Class or Tranche specifying (i) the date upon which final payment of such Series, Class or Tranche will be made upon presentation and surrender of Notes of such Series, Class or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Series, Class or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Issuer Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final

distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Issuer Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.05 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.06 Delivery of Executed Copies

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

[Signature page to follow]

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

[ISSUER], as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

[INDENTURE TRUSTEE], as Indenture Trustee and not in its individual capacity

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Act**" means *Ontario Fair Hydro Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adjusted Outstanding Dollar Principal Amount**" means, at any time with respect to any Series, Class or Tranche of Notes, the Outstanding Dollar Principal Amount of all Outstanding Notes of such Series, Class or Tranche at such time, less any funds on deposit in any Issuer Account or the related Sub-Account, as applicable, for the benefit of such Series, Class or Tranche at such time.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default, (b) materially adversely affect the amount or timing of payments to be made to the Specified Creditors pursuant to this Indenture or any Program Agreement, or (c) adversely affect the Security Interest unless otherwise permitted by this Indenture.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Series, Class or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, any Finance Reserve Account and any Capital Reserve Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; and (b) the IESO Carrying Cost Payments.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means (a) any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed, or (b) for purposes of any particular Series, Class or Tranche of Notes, any other day specified in the applicable Supplemental Indenture.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes of any Tranche issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Capital Reserve Account**" has the meaning specified in subsection 7.02(c).

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means, with respect to any Issuer Funding Obligation, the class specified in the Related Funding Obligation Agreement.

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such

time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

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

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at [■]; Telephone: [■]; Facsimile: [■], or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

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

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

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

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have

maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Series, Class or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

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

"**Finance Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Funding Obligations**" has the meaning ascribed to the term "funding obligations" in the Act as of the date of this Indenture.

"**Global Note**" means any Note issued pursuant to Section 3.04.

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

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

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

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Class or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Series, Class or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Series, Class or Tranche plus the aggregate initial principal amount of any additional Notes of such Series, Class or Tranche, and (b) with respect to a Series, Class or Tranche of Discount Notes or that includes Foreign Currency Notes,

the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

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

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Collection Account, the Refinancing Account, all Finance Reserve Accounts, all Capital Reserve Accounts and all Supplemental Reserve Accounts, including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series, Class or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and,

upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series or Class that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

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

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial

Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Series, Class or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

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

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party

receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Class or Tranche of Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Class or Tranche at such time, less the amount of any withdrawals from any Issuer Account or Sub-Account for such Class or Tranche of Notes for payment of principal to the holders of such Class or Tranche of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Class or Tranche of Notes due to the issuance of additional Notes of such Class or Tranche pursuant to Article V.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Series, Class or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Series, Class or Tranche at such time, less the amount of any withdrawals from any Issuer Account or Sub-Account for such Series, Class or Tranche of Notes for payment of principal to the holders of such Series, Class or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series, Class or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series, Class or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series, Class or Tranche or the applicable Derivative Counterparty and accretions of principal, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Series, Class or Tranche of Notes due to the issuance of additional Notes of such Series, Class or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means, with respect to any Series of Issuer Funding Obligations, the 15th day of each calendar month or the date otherwise specified in the Related Funding Obligation Agreement.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05; and

(c) the Security Interest.

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

"**Place of Payment**" means, with respect to any Series, Class or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Series, Class or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding Series, Class or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series, Class or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any Outstanding Notes immediately before the taking of such action, or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer

in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Class or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series or Class that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Issuer Funding Obligation, the Series specified in the Related Funding Obligation Agreement.

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series or Class that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Classes and Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Supplemental Reserve Account**" means the trust account or accounts designated as such and established pursuant to subsection 7.02(e).

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act [as of the date of this Indenture.].

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" has the meaning specified in the applicable Derivative Agreement.

"**Terms Document**" means, with respect to any Class or Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Class of Notes, Notes of such Class which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes of any Tranche issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

ISDA®

International Swaps Dealers Association, Inc.

SCHEDULE
to the
1992 Master Agreement

dated as of **[■]**, 2017

between

[HEDGE PROVIDER]
("**Party A**"),

and

[ISSUER]
("Party B")

Part 1 **Termination Provisions.**

(a) ***"Specified Entity"*** means in relation to Party A for the purpose of:

Section 5(a)(v), Not Applicable

Section 5(a)(vi), Not Applicable

Section 5(a)(vii), Not Applicable

Section 5(b)(iv), Not Applicable

and in relation to Party B for the purpose of:

Section 5(a)(v), Not Applicable,

Section 5(a)(vi), Not Applicable

Section 5(a)(vii), Not Applicable

Section 5(b)(iv), Not Applicable

(b) ***"Specified Transaction"*** will have the meaning specified in Section 14 of the Agreement.

(c) The ***"Breach of Agreement"*** provision of Section 5(a)(ii) will apply to Party A and will not apply to Party B.

(d) The ***"Credit Support Default"*** provisions of Section 5(a)(iii) will apply to Party A and will not apply to Party B.

(e) The ***"Misrepresentation"*** provisions of Section 5(a)(iv) will apply to Party A and will not apply to Party B.

(f) The ***"Default under Specified Transaction"*** provisions of Section 5(a)(v) will **[not]** apply to Party A and will not apply to Party B.

(g) The ***"Cross-Default"*** provisions of Section 5(a)(vi) will not apply to Party A and will not apply to Party B.

(h) The ***"Credit Event Upon Merger"*** provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.

(i) The ***"Automatic Early Termination"*** provision of Section 6(a) will not apply to Party A and will not apply to Party B.

(j) ***Payments on Early Termination***. For the purpose of Section 6(e) of this Agreement:

(i) Market Quotation will apply.

(ii) The Second Method will apply.

(k) ***Payments on Early Termination Due to Certain Events***. Notwithstanding Section 6, if Party A is (A) the Affected Party for an Additional Termination Event or a Tax Event Upon Merger, or (B) the Defaulting Party for an Event of Default, paragraphs (i) to (v) below apply:

(i) The definition of ***"Market Quotation"*** is deleted and replaced with the following:

"Market Quotation" means, for one or more Terminated Transactions, a Firm Offer which is:

(1) made by a Reference Market-maker that is an Eligible Replacement;

(2) for an amount that would be paid to Party B (expressed as a negative number) or by Party B (expressed as a positive number) in consideration of an agreement between Party B and the Reference Market-maker to enter into a Replacement Transaction; and

(3) made on the basis that Unpaid Amounts for the Terminated Transaction or group of Transactions are to be excluded but any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of any conditions precedent) after that Early Termination Date is to be included.

(ii) In determining whether or not a Firm Offer satisfies the condition in sub-paragraph (ii)(B) of the definition of "Replacement Transaction", Party B will act in a commercially reasonable manner.

(iii) The definition of ***"Settlement Amount"*** is deleted and replaced with the following:

"Settlement Amount" means, for any Early Termination Date:

(a) if, on or prior to the Early Termination Date, a Market Quotation for a Terminated Transaction or group of Terminated Transactions is accepted by Party B and is legally

binding, the Termination Currency Equivalent of the amount (whether positive or negative) of the Market Quotation;

(b) if, on the Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B and is legally binding and one or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of the Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value); or

(c) if, on the Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B and is legally binding and no Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B's Loss (whether positive or negative and without reference to any Unpaid amounts) for the relevant Terminated Transaction or group of Terminated Transactions.

(iv) At any time on or before the Early Termination Date at which two or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B must accept the lowest of the Market Quotations. For this purpose, (A) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number, and (B) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value.

(v) If Party B requests Party A in writing to obtain Market Quotations, Party A will use reasonable efforts to do so before the Early Termination Date.

(vi) For the purpose of determining Unpaid Amounts, any payment or delivery obligation which was (or would have been but for Section 2(a)(iii)) required to be performed pursuant to paragraph 2 of the Credit Support Annex shall be disregarded.

(l) ***"Termination Currency"*** shall mean Canadian dollars.

(m) ***Bankruptcy***

(i) Section 5(a)(vii)(2), (7) and (9) does not apply to Party B.

(ii) Section 5(a)(vii)(3) does not apply to Party B for any assignment, arrangement or composition effected by or under the Indenture Documents.

(iii) Section 5(a)(vii)(4) does not apply to Party B for a proceeding or petition instituted or presented by Party A or any of its Affiliates.

(iv) Section 5(a)(vii)(6) does not apply to Party B for (i) an appointment that is made under the Indenture Documents, or (ii) an appointment to which Party B is not subject.

(v) Section 5(a)(vii)(8) applies to Party B only if it applies to Section 5(a)(vii)(1), (3), (4), (5) and (6), as amended.

(n) ***Tax Event and Tax Event Upon Merger***

Section 5(b)(ii) applies but the words "(x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y)" are hereby deleted.

Section 5(b)(iii) applies but Party A will not be entitled to designate an Early Termination Date by reason of a Tax Event Upon Merger if it is the Affected Party.

Section 6(b)(ii) applies but the words "or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party" are deleted.

(o) ***Additional Termination Event*** will apply. The following shall constitute an Additional Termination Event:

(i) It shall be an Additional Termination Event and Party B shall be the sole Affected Party and all Transactions then outstanding shall be Affected Transactions if Party B fails to comply with the requirements of Part 5(o).

(ii) It shall be an Additional Termination Event and Party A shall be the sole Affected Party and all Transactions then outstanding shall be the Affected Transactions if Party A fails to comply with the requirements of Part 5(h).

(iii) It shall be an Additional Termination Event and Party B shall be the sole Affected Party upon an acceleration of the Series [■] Notes under Section **[8.02]** of the Trust Indenture.

(iv) **[NTD: consider including a partial termination provision to facilitate right-sizing interest rate hedges following any unscheduled reductions of the underlying financed amounts]**

Part 2 **Tax Representations. [NTD: subject to Tax review]**

(a) ***Payer Representations.*** For the purpose of Section 3(e) of this Agreement, Party A and Party B will make the following representations.

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, except that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) ***Payee Representations.*** For the purpose of Section 3(f) of this Agreement, Party A and Party B make the representations specified below, if any:

(i) Party A and Party B each make the following representation:

It is not a non-resident of Canada within the meaning of the *Income Tax Act (Canada).*

(c) ***Other representations:*** None made.

Part 3 **Agreement to Deliver Documents.**

For the purpose of Sections 4(a)(i) and 4(a)(ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are:

Party required to deliver document	**Form/Document/ Certificate**	**Date by which to be delivered**
Each Party	Any document required or reasonably requested to allow the other party to make payments under the Agreement without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate.	Promptly upon reasonable demand by either party.

(b) Other documents to be delivered are:

Party required to deliver document	**Form/Document/ Certificate**	**Date by which to be delivered**	**Covered by Section 3(d) Representation**
Each Party	Evidence satisfactory in form and substance to the other party of (i) the authority of the signatory of the party to execute this Agreement **[and Credit Support Annex]** and any Confirmation and (ii) list of the names, true signatures of the signatory of this Agreement or any Confirmation.	Upon execution of this Agreement	Yes
Party A	A copy of unaudited financial statements for the most recently ended fiscal year.	As soon as reasonably practicable following a request by Party B to the extent not publically available online	No
Each Party	Legal opinion satisfactory to the other Party.	Upon execution of this Agreement	Yes
Party B	ISDA Cross-Border Swaps Representation Letter	If requested by Party A, upon execution and delivery of this Agreement.	No.
Party A and B	ISDA Canadian Representation Letter #1	Upon execution and delivery of this Agreement.	No.

Part 4 **Miscellaneous.**

(a) ***Addresses for Notices.*** For the purpose of Section 12(a) of this Agreement:

Address for notices or communications to Party A: **[NTD: ■]**

Address: ■
Attention: ■
Facsimile: ■ Telephone: ■
Electronic Messaging System Details: ■
(Only with respect to transactions through this Office)

For any notices with respect to Section 5 and 6 of this Agreement for Party A:

Address: ■
Attention: ■
Facsimile: ■ Telephone: ■
E-mail: ■

Address for notices or communications to Party B:

[ISSUER]
c/o Ontario Power Generation Inc.
100 University Avenue, 11th Floor
Toronto, Ontario, M5J 2Y1

Attn: [■]
Fax: [■]
Email: [■]

with copies to:

[ISSUER TRUSTEE], in its capacity as Issuer Trustee for [ISSUER]

Attn: [■]
Fax: [■]
Email: [■]

Notwithstanding Section 12(a) of this Agreement, service of legal process documents relating to this Agreement may not be delivered by facsimile or by electronic messaging system.

(b) ***Process Agent***. For the purpose of Section 13(c) of this Agreement, neither party appoints a Process Agent.

(c) ***Offices***. The provisions of Section 10(a) will apply to this Agreement.

(d) ***Multibranch Party***. For the purpose of Section 10(c) of this Agreement:

Party A **[is][is not]** a Multibranch Party and may only enter into a Transaction through any of the following Offices:

Party B is not a Multibranch Party.

(e) ***Calculation Agent***. The Calculation Agent is Party A unless (i) otherwise specified in a Confirmation in relation to the relevant Transaction or (ii) a replacement Calculation Agent is designated by Party B as set

forth below. All calculations by the Calculation Agent shall be made in good faith and through the exercise of its commercially reasonable judgment. The calculations and determinations of the Calculation Agent shall (except in the case of manifest error) be final and binding upon all parties. Upon the failure of Party A to perform its obligations as Calculation Agent hereunder within five Local Business Days of Party A receiving from Party B notice of such failure, the sole remedy of Party B will be the right, upon notice to the Calculation Agent, to designate a third party that is a Reference Market-maker as replacement Calculation Agent. For so long as an Event of Default in respect of Party A is continuing, Party B will have the right, upon notice to the Calculation Agent, to designate a third party that is a Reference Market-maker as replacement Calculation Agent, without prejudice to any other remedy to which Party B is otherwise entitled under this Agreement. Upon Party A demonstrating its ability to resume performance of its obligations as Calculation Agent or such Event of Default no longer continuing, Party A may elect to resume its role as Calculation Agent.

(f) ***Credit Support Document***. Details of any Credit Support Document:

In relation to Party A: any Eligible Guarantee,

In relation to Party B: not applicable.

(g) ***Credit Support Provider***. Credit Support Provider means in relation to Party A, any Eligible Guarantor, and in relation to Party B; not applicable.

(h) ***Governing Law***. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein (without reference to choice of law doctrine).

(i) ***Jurisdiction***. Section 13(b)(i) is hereby deleted and replaced by the following Section 13(b)(i):
"(i) submits to the exclusive jurisdiction of the Province of Ontario."

(j) ***Netting of Payments***. Subparagraph (ii) of Section 2(c) of this Agreement will not apply.

(k) ***"Affiliate"*** will have the meaning specified in Section 14 of this Agreement.

(l) ***Characterization under Program Agreements.*** The parties acknowledging and agree that:

(i) The Master Agreement and this Schedule constitute a "Derivative Agreement" as used and defined under the Indenture Documents and a "derivative agreement" as defined under the Act.

(ii) Party B is a "Derivative Counterparty" as used and defined under the Indenture Documents and a "derivative agreement" as defined under the Act.

(iii) Any payments required in connection with the Master Agreement and this Schedule will be "derivative payments" as defined under the Act.

Part 5 **Other Provisions.**

(a) ***Definitions***. Reference is hereby made to the 2006 ISDA Definitions (the "2006 Definitions") as published by the International Swaps and Derivatives Association, Inc. ("ISDA") or to any subsequent update being the then current version of the 2006 Definitions. Any terms used and not otherwise defined herein which are contained in the Definitions shall have the meaning set forth therein, and if not contained in the Definitions, will have the meanings specified in the Supplemental Indenture, either directly or by reference. If there is any inconsistency between this Agreement and the Definitions, this Agreement will govern. If there is inconsistency between a Confirmation and this Agreement or the Definitions, the Confirmation will govern.

For the purpose of this Agreement:

"Act" means the *Ontario Fair Hydro Plan Act, 2017* together with any Regulations in effect thereunder from time to time.

"DBRS" means DBRS Limited and its successors.

"Eligible Guarantee" means an unconditional and irrevocable guarantee by a guarantor that is a principal debtor rather than surety and is directly enforceable by Party B, where either (i) a law firm has given a legal opinion confirming that none of the guarantor's payments to Party B under the guarantee will be subject to deduction or withholding for Tax, (ii) the guarantee provides that, if the guarantor's payments to Party B are subject to deduction or withholding for Tax, the guarantor is required to pay the additional amount necessary so that the net amount received by Party B will equal the full amount Party B would have received had no deduction or withholding been required, or (iii) if any payment under the guarantee is made net of deduction or withholding for Tax, Party A is required under Section 2(a)(i) to make an additional payment necessary so that the net amount received by Party B will equal the full amount Party B would have received had no deduction or withholding been required.

"Eligible Replacement" means an entity (i)(A) having the Ratings Event I Required Ratings, or (B) whose obligations owing to Party B under this Agreement (or its replacement, as applicable) are guaranteed under an Eligible Guarantee by a guarantor having the Ratings Event I Required Ratings, and (ii) reasonably acceptable to Party B.

"Firm Offer" means an offer which, when made, was capable of becoming legally binding upon acceptance.

"Indenture Documents" means the Supplemental Indenture together with the Trust Indenture.

"Local Business Day" means a day other than a Saturday, a Sunday or a day banking institutions or trust companies in Toronto, Ontario or Montreal, Quebec are authorized or obligated by law to close, and the definition of ***"Local Business Day"*** in Section 14 is deleted.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Relevant Entity" means Party A, a guarantor under an Eligible Guarantee or an Eligible Replacement, as applicable.

"Replacement Transaction" means, for any Terminated Transaction, a transaction that (i) has terms which would be effective to transfer to a transferee all of Party A's rights and obligations under this Agreement, which terms are identical to the terms of this Agreement, other than party names, the effective date of the transfer, tax representations and any representations about the status of the substitute counterparty, notice information and account details, or (ii) (A) would preserve for Party B the economic equivalent of any payment or delivery under this Agreement for the Terminated Transaction that would, but for the occurrence of the Early Termination Date, have been required after that date, and (B) has terms which are, in all material respects, no less beneficial for Party B than those of this Agreement, as determined by Party B.

"***Supplemental Indenture***" means the Supplemental Indenture dated as of [■], among Party B as issuer of Series [■] Notes, **[INDENTURE TRUSTEE]**, as Indenture Trustee, and **[List any other parties]**, which supplements the Trust Indenture.

"***Trust Indenture***" means the Trust Indenture dated as of [■], 2017, between Party B, as issuer, and [INDENTURE TRUSTEE], as Indenture Trustee.

(b) ***Equivalency Clause***. For purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement, which is to be calculated on any basis other than a full calendar year, is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the number of days in the calendar year in which the period for which interest at such rate is payable ends and the denominator of which is the number of days comprising such other basis.

(c) ***English Language***. The parties hereto have requested that this Agreement and the Schedule be drafted in the English language and that all present and future Confirmations be drafted in the English language. Les parties aux présentes ont requis que cette convention et l'Annexe ainsi que toutes les présentes et futures confirmations soient rédigées en langue anglaise.

(d) ***Eligible Financial Contract***. Each Party, with respect to itself, hereby represents and warrants to the other Party, continuing throughout the term of this agreement, that it is its intention that this Contract and each Transaction hereunder shall constitute an "eligible financial contract" within the meaning of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) and any other applicable Canadian insolvency legislation.

(e) ***Telephone Recording***. Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with this Agreement or any potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and (iii) agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings.

(f) ***No Reliance***. In connection with the negotiation of, the entering into, and the execution of, this Agreement, any Credit Support Document to which it is a party, and each Transaction hereunder, each party acknowledges and agrees that: (i) each party is acting for its own account and is not acting as a fiduciary for, or a financial or investment advisor to the other party (or in any similar capacity); (ii) each party is not relying upon any communications (whether written or oral) from the other party as investment advice or as a recommendation to enter into this Agreement, any Credit Support Document to which it is a party and each Transaction hereunder (other than the representations expressly set forth in this Agreement), it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction; (iii) neither party has received from the other party any assurance or guarantee as to the expected results of any Transaction; and (iv) each party has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary, and it has made its own independent investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the other party.

(g) ***Severability***. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(h) ***Credit Rating Downgrade of Party A***

(1) Ratings Event I:

Party A agrees that if at any time (i) the long-term unsecured debt rating or the short-term unsecured debt rating, in each case, of a Relevant Entity from DBRS is not at least, respectively "A" or R-1 (low) or better; or (ii) the long-term unsecured debt rating or the short-term unsecured debt rating, in each case, of a Relevant Entity from Moody's is not at least, respectively A2 or P-1 or better (such rating thresholds collectively designated as the **"Ratings Event I Required Rating"** and such failure the **"Ratings Event I Trigger"**, Party A shall at its own expense and not later than 30 Local Business Days following the occurrence of the Ratings Event I (so long as the Ratings Event I is continuing):

(X) transfer acceptable Eligible Credit Support in accordance with Paragraph 11(b)(i)(C)(1) of the ISDA Credit Support Annex; or

(Y) either obtain an Eligible Guarantee or transfer all of its interests and obligations in or under this Agreement, on substantially the same terms and in writing (i) to an Eligible Replacement, or (ii) another party that otherwise satisfies the Rating Agency Condition in respect of the Related Rating Agency; provided that such transfer does not result in adverse tax consequences or increased costs for Party B and Party A shall continue to perform its obligations under this Agreement until the transfer of all of its interest and obligations in or under this Agreement is completed; or

(Z) take such other action as agreed to between Party A and Party B which satisfies the Rating Agency Condition in respect of the Related Rating Agency.

(2) Ratings Event II:

Party A agrees that if at any time (i) the long-term unsecured debt rating or the short-term unsecured debt rating, in each case of a Relevant Entity from DBRS is not at least, respectively BBB or R-2 (middle) or better, or (ii) the long-term unsecured debt rating or the short-term unsecured debt rating, in each case, of a Relevant Entity from Moody's is not at least, respectively A3 or P-3 or better (such rating thresholds collectively designated as the **"Ratings Event II Required Rating"** and such failure the **"Ratings Event II Trigger"**, Party A shall at its own expense following the occurrence of a Ratings Event II (so long as such Ratings Event II is continuing):

(X) transfer all of its interests and obligations in or under this Agreement, on substantially the same terms and in writing (i) to an Eligible Replacement, or (ii) or another party that otherwise satisfies the Rating Agency Condition in respect of the Related Rating Agency; provided that such transfer does not result in adverse tax consequences or increased costs for Party B and Party A shall continue to perform its obligations under this Agreement until the transfer of all of its interest and obligations in or under this Agreement is completed; or

(Y) take such other action as agreed to between Party A and Party B which satisfies the Rating Agency Condition in respect of the Related Rating Agency, or

(Z) provide Eligible Credit Support in accordance with Paragraph 11(b)(i)(C)(2) of the ISDA Credit Support Annex in an amount as required thereunder until (i) such time as the action set out in this sub-paragraph (2)(X) or (2)(Y) above has been taken, or (ii) the Relevant Entity meets the Ratings Event I Required Rating.

(i) ***Successors***. This Agreement and all obligations of the parties hereunder shall be binding upon than respective successors and assigns and shall, together with the rights and remedies, inure to their benefit.

(j) ***Scope of Agreement***. The parties acknowledge and agree that this Agreement will only apply to Transactions entered into in respect of the Series 2016-1 Notes.

(k) ***Counterparts***. This Schedule may be executed in one or more counterparts, either in original or facsimile or pdf form, each of which shall constitute one and the same document and form part of the Agreement. If an executed copy of this Schedule is transmitted by the parties through transmission by facsimile or e-mail in pdf format, this Schedule shall constitute the original document between the parties and the parties hereby adopt the signatures printed by the receiving facsimile machine or computer as the original signatures of the parties.

(l) ***Transfer***. Exception to the Transfer provisions of Section 7 is that consent to transfer shall not be unreasonably withheld as long as the transferee, designated by Party A, is an Eligible Replacement or otherwise satisfies the Rating Agency Condition in respect of the related Rating Agency. In addition, Party A agrees that it will use reasonable commercial efforts to novate each outstanding Transaction hereunder to an Eligible Replacement if it is requested to do so in connection with an assignment of its interests in the Series [■] Notes pursuant to the Indenture Documents.

(m) **[*Foreign Account Tax Compliance Act*.** "Tax" as used in Part 2(a) of this Schedule (Payer Tax Representation) and "Indemnifiable Tax" as defined in Section 14 of this Agreement shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "**FATCA Withholding Tax**"). For the avoidance

of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of this Agreement."] **[NTD: subject to Tax review]**

(n) ***Set-off***. Without affecting the provisions of this Agreement requiring the calculation of certain net payment amounts, all payments under this Agreement and each Confirmation will be made without set-off or counterclaims.

(o) ***Amendments.*** Party B hereby agrees that it will not amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Related Program Agreements if any such amendment, supplementation, modification, restatement or replacement or waiver or consent is material, except with the prior written consent of Party A and satisfaction of the Rating Agency Condition in respect of each Related Rating Agency. Each Related Rating Agency shall be notified by or on behalf of Party B of any nonmaterial amendments, waivers and consents as soon as possible after such non-material amendments, waivers and consents become effective. Any such proposed change to a Related Program Agreement will be subject to Section [13.19] of the Trust Indenture.

(p) ***Limited Recourse:***

(i) Party A is a Specified Creditor (as defined in the Trust Indenture) and its entitlements under this Agreement are subject to the provisions applicable to Specified Creditors under the Trust Indenture. The right of Party A to payments under this Agreement, or the exercise of rights or remedies against Party B under this Agreement is subject to Sections [8.15] (*Limited Recourse*) and [17.01] (*No Petition*) of the Trust Indenture.

(ii) Part 5(p)(i) survives the termination of this Agreement.

(q) ***Non-Petition***. Party A hereby covenants and agrees that it will not at any time institute or encourage against Party B, or join or acquiesce in any institution against Party B of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency, winding-up or similar law for one year and a day after the latest maturing Note (as defined in the Indenture) in connection with any obligations relating to this Agreement or any of the other Related Program Agreements.

(r) ***Party B Pledge***. Notwithstanding Section 7, Party A acknowledges that Party B has or will pledge its rights under this Agreement to the Indenture Trustee for the benefit of the related Specified Creditors under the Indenture Documents and agrees to the pledge. The Indenture Trustee will not be deemed to be a party to this Agreement. However, the Indenture Trustee, acting on behalf of the related Specified Creditors, has the right to enforce this Agreement against Party A. Party A will be entitled to rely on any notice or communication from the Indenture Trustee to that effect.

Part 6. FX Transaction and Currency Option Transaction Provisions

(a) ***FX Definitions***

(i) Incorporated Into Agreement. The 1998 ISDA FX and Currency Option Transaction Definitions, as published by the International Swaps and Derivatives Association, Inc., (the "FX Definitions") are incorporated by reference into this Agreement. Any terms used and not otherwise defined in this Agreement that are contained in the FX Definitions shall have the respective meanings specified therein (without regard to any amendments thereto after the date of this Agreement).

(ii) Inconsistency. In the event of any inconsistency between the FX Definitions and any other provisions or definitions that are incorporated by reference into this Agreement, the FX Definitions shall prevail with respect to an FX Transaction or a Currency Option Transaction. In the event of any inconsistency between the FX Definitions and the provisions otherwise

contained in this Agreement, those provisions otherwise contained in this Agreement shall prevail.

(b) ***Confirmations.*** Any FX Transaction or Currency Option Transaction into which the parties may before the date of this Agreement have entered, or may in the future enter, where the relevant Confirmation on its face does not expressly exclude the application of this Agreement, shall (to the extent not otherwise provided for in this Agreement) be subject to, governed by and construed in accordance with this Agreement (in substitution for any existing terms, if any, whether express or implied). Each such FX Transaction and Currency Option Transaction shall be a Transaction, and the documents and other confirming evidence (including electronic messages on an electronic messaging service) exchanged between the parties confirming such FX Transaction or Currency Option Transaction shall each be a Confirmation (even where not so specified therein), for the purposes of this Agreement.

(c) ***Payment Instructions.*** All payments to be made in respect of FX Transactions and Currency Option Transactions shall be made in accordance with standing payment instructions provided by the parties (or as otherwise specified in a Confirmation). Any such instructions from a party must be received no later than one Business Day prior to the Value Date or Premium Payment Date (as the case may be) for such Transaction and otherwise be in conformity with standard inter-dealer market practice regarding foreign currency delivery.

(d) ***FX Transaction Novation Netting.***

(i) Automatic Novation Netting. In addition to the settlement netting provisions of Section 2(c) of this Agreement, unless otherwise agreed, if the parties enter into an FX Transaction that is governed by this Agreement through a pair of Novation Netting Offices giving rise to an obligation of a party under this Agreement to pay an amount of currency (a "Currency Obligation") on the same date and in the same currency as a then existing Currency Obligation between the same pair of Novation Netting Offices, then immediately upon entering into such FX Transaction, each such Currency Obligation shall automatically and without further action be cancelled and simultaneously replaced by a new Currency Obligation for such date determined as follows: the amount of such currency that would otherwise have been payable by each party on such date shall be aggregated and the party with the larger aggregate amount shall have a new Currency Obligation to pay to the other party the amount of such currency by which its aggregate amount exceeds the other party's aggregate amount, provided that if the aggregate amounts are equal, no new Currency Obligation shall arise. This paragraph (d) shall not affect any other Currency Obligation of a party to pay any different currency on the same date. This provision shall apply notwithstanding that either party (i) may fail to send out a Confirmation in respect of any such novation, or (ii) may fail to make changes in any of its books as a result of any such novation.

(ii) "Novation Netting Office" means, as to either party, the office or offices specified in Part 4, Section A in the Schedule and any other office specified from time to time by one party and agreed to in writing by the other party.

(e) ***Currency Option Transaction Discharge and Termination***

(i) Automatic Discharge and Termination of Offsetting Options. Unless otherwise agreed, any Call Option or any Put Option written by a party will automatically be terminated and discharged, in whole or in part, as applicable, against a Call Option or a Put Option, respectively, written by the other party, such termination and discharge to occur automatically upon the payment in full of

the last Premium payable in respect of such Currency Option Transactions; provided that such termination and discharge may only occur in respect of Currency Option Transactions:

(1) each being with respect to the same Put Currency and the same Call Currency;
(2) each having the same Expiration Date and Expiration Time;
(3) each being of the same style, i.e. either both being American Style Options or both being European Style Options;
(4) each having the same Strike Price;
(5) neither of which shall have been exercised by delivery of a Notice of Exercise;

and, upon occurrence of such termination and discharge, neither party shall have any further obligation to the other party in respect of the relevant Currency Option Transactions or, as the case may be, parts thereof so terminated and discharged. In the case of a partial termination and discharge (i.e. where the relevant Currency Option Transactions are for different amounts of the Currency Pair), the remaining portion of the Currency Option Transaction which is partially discharged and terminated shall continue to be a Currency Option Transaction for all purposes of this Agreement. This provision shall apply notwithstanding that either party (i) may fail to send out a Confirmation in respect of any such discharge and termination, or (ii) may fail to make changes in any of its books as a result of any such discharge and termination.

(ii) ***Additional Definitions***

(1) "Call Option" means a Currency Option Transaction entitling, but not obligating, the Buyer to purchase from the Seller at the Strike Price a specified quantity of the Call Currency.

(2) "Put Option" means a Currency Option Transaction entitling, but not obligating, the Buyer to sell to the Seller at the Strike Price a specified quantity of the Put Currency.

- signature page follows -

Please confirm your agreement to the terms of the foregoing Schedule by signing below.

[HEDGE PROVIDER]	**[ISSUER]**
(Party A)	(Party B)
By: _____	By: _____
Name:	Name:
Title:	Title:
By: _____	By: _____
Name:	Name:
Title:	Title:

[Signature Page – ISDA Schedule]

From:	Hanslep, Malle (MOF)
To:	Mike Manning; Ken Kandeepan; Gadi Mayman; Ronald Kwan; John Kim; James Devine; Scott Nelms (ENERGY); Keley Katona (ENERGY); Mark Donaldson (MOF); Veinot, Cindy (TBS); Steen Hume (CAB)
Cc:	Tobias P. Whitfield (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject:	FW: Fair Hydro -- Revised Program Agreements
Date:	Saturday, November 11, 2017 10:21:36 AM
Attachments:	Declaration of Trust.docx Management Agreement.docx Master Transfer and Servicing Agreement.docx Supplemental Indenture (Long Term Senior).doc Supplemental Indenture (Long Term Subordinated).doc Supplemental Indenture (Short Term Senior).docx Supplemental Indenture (Short Term Subordinated).docx Blackline - Declaration of Trust.pdf Blackline - Management Agreement.pdf Blackline - Master Transfer and Servicing Agreement.pdf Blackline - Supplemental Indenture (Long Term Senior).pdf Blackline - Supplemental Indenture (Subordinated Long Term).pdf Blackline - Supplemental Indenture (Short Term Senior).pdf Blackline - Supplemental Indenture (Subordinated Short Term).pdf

---

Subordinated debt documents are attached among others, not sure we have seen those before.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: November-10-17 8:40 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents (together with blacklines against the last draft you received, where applicable):

- Declaration of Trust
- Management Agreement
- Master Transfer and Servicing Agreement
- Supplemental Indenture (Long Term Senior)
- Supplemental Indenture (Long Term Subordinated)
- Supplemental Indenture (Short Term Senior)
- Supplemental Indenture (Short Term Subordinated)

Let us know if you have any questions or if you require any additional blacklines.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP [torys.com]

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DRAFT: NOVEMBER 8, 2017

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1

1.1 Definitions 1
1.2 Interpretation 5
1.3 Accounting Principles 6
1.4 References to Acts of the Trust 6

ARTICLE 2 THE TRUST 6

2.1 Purpose and Activities of the Trust 6
2.2 Limitation on Certain Activities 7
2.3 Name and Head Office 7
2.4 Nature of the Trust 8
2.5 Rights of Unitholders 8

ARTICLE 3 UNITS 9

3.1 Nature of Units 9
3.2 Consideration of Units 9
3.3 No Pre-Emptive Rights 9
3.4 Fractional Units 9
3.5 Allotment and Issue 10
3.6 Prohibited Issuances and Transfers 10
3.7 Liability of Unitholders 11

ARTICLE 4 REDEMPTION OF UNITS 12

4.1 Redemption of Units 12

ARTICLE 5 RIGHTS AND POWERS OF ISSUER TRUSTEE 13

5.1 General Rights and Powers 13
5.2 Acquisition of Assets and Deposit of Funds 13
5.3 Legal Title and Custody 14
5.4 Disposition of Trust Property 14
5.5 Management of Trust Property 14
5.6 Power to Borrow Money and Issue Funding Obligations 14
5.7 Hedging Agreements 15
5.8 Execution of Instruments 15
5.9 Facsimile Signatures 15
5.10 Taxes 15
5.11 Collection 16
5.12 Expenses and Compensation of Issuer Trustee 16
5.13 Allocation 17
5.14 Fiscal Year and Form of Accounts 17
5.15 Power to Contract 17
5.16 Indemnification 18

TABLE OF CONTENTS
(continued)

Page

5.17 Further Powers 18
5.18 Auditors 19
5.19 Defect in Appointment 19
5.20 Status 19

ARTICLE 6 REPLACEMENT OF ISSUER TRUSTEE 19

6.1 Resignation of Issuer Trustee 19
6.2 Removal of Issuer Trustee 20
6.3 Vacancy 20
6.4 Appointment of New Issuer Trustee 20
6.5 Merger, Consolidation and Amalgamation 20
6.6 Vesting in Successor Issuer Trustee 21
6.7 Confidentiality 21
6.8 Right to Disclose 21

ARTICLE 7 STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS 21

7.1 Standard of Care 21
7.2 Limitation of Liability of Issuer Trustee 22
7.3 Indemnification of the Issuer Trustee 22
7.4 Reliance upon Advice 23
7.5 Retain Experts 23
7.6 Reliance on Experts 23
7.7 Provisions Regarding Liability 23

ARTICLE 8 RECORDS 24

8.1 Records to be Kept 24
8.2 Segregation of Assets 24
8.3 Method of Keeping Records 24
8.4 Annual Financial Statements 24

ARTICLE 9 MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS 24

9.1 Annual Meeting 24
9.2 Other Meetings 24
9.3 Quorum and Voting 25
9.4 Written Resolution 25

ARTICLE 10 AMENDMENT 25

10.1 Amendment 25
10.2 Automatic Amendment 26
10.3 Supplemental Declaration of Trust 26

TABLE OF CONTENTS
(continued)

Page

ARTICLE 11 DISTRIBUTION OF TRUST PROPERTY 26

11.1 Distributions 26
11.2 Allocation 28
11.3 Payment of Distributions 28
11.4 Legal Rights 29
11.5 Income Tax Matters 29
11.6 Designations 30
11.7 Withholding Taxes 30

ARTICLE 12 TERMINATION OF THE TRUST 30

12.1 Termination 30

ARTICLE 13 GENERAL 31

13.1 Irrevocability 31
13.2 Change of Office 31
13.3 Execution of Instruments 31
13.4 Manner of Giving Notice 31
13.5 Taxation Information 31
13.6 Severability 32
13.7 Governing Law 32
13.8 Language 32

THIS DECLARATION OF TRUST is made as of ■, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

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

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling, controlled by or under common control with such specified Person and, for the purposes of this definition, "**control**" means, in respect of any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

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

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

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

"**Hedging Agreement**" means any agreement evidencing an interest rate swap transaction, forward rate transaction, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction or any combination of these transactions, in each case, entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**IESO**" means the Independent Electricity System Operator.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement dated the date hereof between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement to administer the Investment Interests and perform such other duties assigned to it thereunder.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into by and between the Trust and the IESO.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**OPG**" means Ontario Power Generation Inc.

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

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, the Change of Law Protection Agreement and any

hedging agreements, credit enhancement agreements, loan agreements, subordinated loan agreements, security agreements and Underwriting Agreements in effect at such time and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

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

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

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

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means any underwriting, agency or other agreement providing for the sale and distribution of Funding Obligations by one or more Dealers.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

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

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d)

above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is "Fair Hydro Trust" and the French form of the name of the Trust is "■". The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of

such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required

for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized

Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering

memoranda, regulatory filings, dealer agreements, Underwriting Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Hedging Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Hedging Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Hedging Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Hedging Agreement may be entered into at any time after the original Hedging Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby

created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust

Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable

in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating

Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may by instrument in writing appoint a Trust Company, which either (i) has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000; or (ii) has been approved in writing by each Rating Agency prior to its appointment by the Unitholders, in order to replace the Issuer Trustee. If the Unitholders fails to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of

Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty,

the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the

extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the

Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer

Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY[1]

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be

[1] Subject to PILs exemption.

payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) Having regard to the present intention of the Issuer Trustee to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year so that the Trust will not have any liability for tax under Part I of the ITA in any taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA), unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each such taxation year:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(5) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of

a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(3) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other

manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust,

including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT: NOVEMBER 10, 2017

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of ■, 2017

TABLE OF CONTENTS

ARTICLE 1
INTERPRETATION 2
1.1 Definitions 2

ARTICLE 2
INTRODUCTORY PROVISIONS 4
2.1 Sections and Headings 4
2.2 Extended Meanings 4
2.3 References to Acts of the Issuer or the Issuer Trustee 5

ARTICLE 3
APPOINTMENT OF THE MANAGER 5
3.1 Appointment and Authority of the Manager 5

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER 6
4.1 Program Agreements 6
4.2 Issuer Investment Interest 9
4.3 Collection of Clean Energy Adjustments 10
4.4 Investment Interest Records 11
4.5 Payment of Other Issuer Fees and Expenses 12
4.6 Delegation 12
4.7 Annual Compliance Certificates 12
4.8 Acknowledgment of Duties as Financial Services Manager 13

ARTICLE 5
OTHER PROVISIONS RELATING
TO THE DUTIES AND COMPENSATION 13
5.1 Standard of Care 13
5.2 Compliance with Program Agreements; Conformity with Law 14
5.3 Liabilities 14
5.4 Compensation of the Manager 15
5.5 Compensation of the Issuer 15
5.6 Indemnification by Manager 15
5.7 Contracting with Itself and Affiliates 17

ARTICLE 6
REPRESENTATIONS AND WARRANTIES 18
6.1 Representations of the Issuer 18
6.2 Representations of the Manager 18

ARTICLE 7
TERMINATION AND RESIGNATION 18
7.1 Termination 18

ARTICLE 8
MISCELLANEOUS 18
8.1 Acknowledgement of Indenture 18
8.2 Appointment of Manager as Attorney-in-Fact 19
8.3 Amendments and Waivers 19
8.4 Withholding Rights 19
8.5 No Petition 20
8.6 Notice 20
8.7 Recourse to Issuer Trustee and the Issuer 21
8.8 Severability 21
8.9 Execution of Counterparts; Electronic Delivery 21
8.10 Governing Law 21
8.11 Grant of Security Interest to Indenture Trustee 22

EXHIBIT

Exhibit A – Annual Compliance Certificate

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of ■, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established by the Financial Services Manager pursuant to the Act and may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Indenture Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(b);

"**Indenture Indemnified Person**" means the Indenture Trustee and its officers, directors and employees;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated ■, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice

versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement

on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xv) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvi) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xvii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xviii) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xx) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxi) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiii) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxiv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxv) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvi) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxvii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxviii) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxix) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Collection of Clean Energy Adjustments

The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(a) review each report delivered by the IESO under Section 3.4(b) of the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve the failures and discrepancies which have not been remedied or adequately explained by Electricity Vendors;

(b) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(c) as the Manager determines necessary, review or caused to be reviewed, pursuant to its rights under Section 10(4) of the Regulations, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments; provided that if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor.

4.4 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee,

as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.4 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.4.

(c) Nothing in this Section 4.4 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.4, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

4.5 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.6 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.7 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.8 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in

respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

The Issuer and the Manager agree that in respect of any month that the Issuer has an amount payable to the Manager under Section 5.4 in an amount that is not less than $10 (plus the amount of any applicable sales taxes on the Issuer Compensation), the Manager's obligation to pay the compensation to the Issuer under this Section will be fully satisfied by way of setting-off $10 (plus the amount of any applicable sales taxes on the Issuer Compensation) of the amount payable by the Issuer to the Manager under Section 5.4 against the Manager's amount payable to the Issuer under this Section.

5.6 Indemnification by Manager

(a) The Manager shall indemnify and defend and hold harmless the Issuer from and against, any and all liabilities which may be imposed on, incurred by or assessed against the Issuer as the result of any wilful misconduct or gross negligence by the Manager, its officers, employees or agents or any failure to comply with the Standard of Care, provided that the Manager will have the exclusive right to compromise or defend, through counsel selected and retained by the Manager, any such liabilities or related claims at its own expense, which decision will be binding upon the Issuer.

(b) The Manager shall indemnify each Indenture Indemnified Person and defend and hold harmless each such Indenture Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indenture Indemnified Losses**") imposed on, incurred by or asserted against such Indenture Indemnified Person, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement and, except to the extent of Indenture Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indenture Indemnified Person seeking indemnification

hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indenture Indemnified Person for any amount paid or payable by such Indenture Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld. Promptly after receipt by an Indenture Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indenture Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(b), notify the Manager in writing of the commencement thereof. Failure by an Indenture Indemnified Person to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless such Indenture Indemnified Person under this Section 5.6(b) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(b), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indenture Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indenture Indemnified Person except as set forth below); provided, that the Indenture Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indenture Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indenture Indemnified Person and the Manager and the Indenture Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indenture Indemnified Person to represent the Indenture Indemnified Person within a reasonable time after notice of the institution of such action, or (iii) the Manager authorizes the Indenture Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indenture Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indenture Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(b) (whether or not the Indenture Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indenture Indemnified Person from all liability arising out of such claim or Proceeding.

(c) Indemnification under Section 5.6(b) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the

termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer or any Indenture Indemnified Person harmless with respect to any of the following:

(i) payments due on Issuer Funding Obligations or other amounts borrowed;

(i) any breach or failure to perform on the part of any other third party under any Program Agreement;

(ii) any claim arising out of the assessment of any tax or payments in lieu of tax by a taxing authority against the Issuer;

(iii) any liability of the Issuer or any Indenture Indemnified Person accruing after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination;

(iv) any losses of the Issuer or any Indenture Indemnified Person arising due to risks inherent in the Issuer Investment Interest;

(v) any statements or certificates provided by the Issuer to the effect that (X) any Funding Obligation is consistent with the Financing Plan or (Y) the estimated Finance Amount that would have become due and payable in any Reference Period is expected to align with the Fair Allocation Amount determined in respect of such Reference Period; or

(vi) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

(e) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless: (i) the Issuer with respect to any amount for which the Issuer agrees to indemnify the Manager hereunder; or (ii) the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture, (ii) irrevocably authorizes

and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial,

territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: ■
Attention: ■

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: ■
Attention: ■

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: ■
Attention: ■

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

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

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder.

[Remainder of page intentionally left blank.]

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

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT: NOVEMBER 10, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2
1.1 Definitions 2
1.2 Sections and Headings 7
1.3 Extended Meanings 7

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET 8
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 8
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 9

ARTICLE 3 ROLE OF THE SERVICER 11
3.1 Designation of Servicer 11
3.2 Forecasts and Other Information 11
3.3 Clean Energy Adjustments and Electricity Vendors 11
3.4 Reporting 13
3.5 Remittances 14
3.6 Reimbursement of Servicer 14
3.7 Limits to Obligations 14
3.8 Servicing and Maintenance Standards 15
3.9 Appointments 15
3.10 Term 16
3.11 Mergers 16
3.12 The IESO Not to Resign as Servicer 17
3.14 IESO Security for CEA Remittances 17

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO 18
4.1 Representations and Warranties 18
4.2 Survival 20

ARTICLE 5 COVENANTS OF THE IESO 20
5.1 Existence 20
5.2 No Transfer or Liens 20
5.3 Notice of Liens 20
5.4 Compliance with Law 20
5.5 Covenants Related to the Investment Interest 21
5.6 Non-petition Covenants 21
5.7 Disclosure 21
5.8 Further Assurances 22
5.9 Access to Certain Records and Information 22
5.10 Maintenance of Operations 22

ARTICLE 6 IESO INDEMNITIES 22
6.1 Liability of the IESO; Indemnities 22

TABLE OF CONTENTS
(continued)

Page

ARTICLE 7 SERVICER DEFAULT 24
7.1 Servicer Default 24
7.2 Appointment of Successor Servicer 25
7.3 Waiver of Past Defaults 26
7.4 Notice of Servicer Default 26
7.5 Cooperation with Successor Servicer 26
ARTICLE 8 MISCELLANEOUS 26
8.1 Amendment 26
8.2 Withholding Rights 27
8.3 No Partnership 27
8.4 Notices 27
8.5 Assignment 28
8.6 Limitations on Rights of Third Parties 28
8.7 Severability 28
8.8 Separate Counterparts; Electronic Delivery 28
8.9 Governing Law 28
8.10 Grant of Security Interest to Indenture Trustee 28
8.11 Limitation of Liability of the Issuer Trustee 29
8.12 Waivers 30

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

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

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

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

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

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

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.10;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

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

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

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

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a

binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO

officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.6 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to cause each Electricity Vendor to:

(i) establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the

Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.3(d);

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) report monthly to the Issuer any matters referred to in Section 3.3(j) which have not been resolved and any explanation provided therefor by the Electricity Vendor;

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer,

and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered or recoverable by the Servicer pursuant to sections 25(1) and 25.1 of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25(1) and 25.1 of the *Electricity Act, 1998*; provided, however, that this Section 3.6 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.7 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.7.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account

into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.8 Servicing and Maintenance Standards

Subject to Section 3.7, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.9 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in

respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.12.

3.10 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer on a monthly basis.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors which are either not rated or are rated less than investment grade to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.7, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture,

agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply

would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information

provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice

of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.12 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the

Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

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

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors

against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in

their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

[**NTD: form to be settled]**

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

SENIOR SERIES [2017-1] SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF ●, 2017

AND PROVIDING FOR THE ISSUE OF
●% SENIOR NOTES DUE ●, SERIES 2017-1
OF FAIR HYDRO TRUST

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2017-1 SENIOR NOTES 2
2.1 Creation of Series 2017-1 Senior Notes 2
2.2 Principal Terms 2
2.3 Delivery 3
2.4 Payment of Interest 3
2.5 Payment of Principal 4
2.6 [Redemption and Repurchase 4
2.7 Indemnification by the Issuer 4
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2017-1 Senior Notes 6
2.10 Acceleration Events 7
[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.] 7

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 7
3.1 Representations and Warranties of the Issuer 7
3.2 Survival 7

ARTICLE 4 GENERAL 7
4.1 Acceptance of Trust 7
4.2 Confirmation of Trust Indenture 7
4.3 Indenture Trustee Not Bound to Act 8
4.4 Successor and Assigns 8
4.5 Specified Creditors 8
4.6 Waiver 8
4.7 Notice 8
4.8 No Waiver: Remedies 8
4.9 Entire Agreement 9
4.10 Governing Law and Attornment 9
4.11 Expenses 9
4.12 Further Assurances 9
4.13 Limitation of Liability of Issuer Trustee 9
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

●% SENIOR NOTES DUE ●, SERIES 2017-1

THIS SENIOR NOTES SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2017, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the "**Indenture Trustee**").

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

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Senior Notes designated as the ●% Senior Notes due ●, Series 2017-1 (the "**Series 2017-1 Senior Notes**");

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

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are

applicable only in respect of the Series 2017-1 Senior Notes and not the Senior Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2017-1 SENIOR NOTES

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Senior Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●% Senior Notes due ●, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes will:

(a) be designated as set out in Section 2.1;

(b) be Senior Notes and will not be subordinated to any other Class, Series or Tranche of Notes;

(c) not be divided into Tranches;

(d) **[be unlimited in principal amount but initially][NTD: To be discussed]** will have an aggregate principal amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2017-1 Senior Notes may be increased after the date hereof without the consent of any holder of Series 2017-1 Senior Notes or any holder of any Notes of any other Class, Series or Tranche;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued in the form of a Global Note;

(h) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(i) bear interest at a rate of ●% per annum;

(j) accrue interest from the later of: (i) ●, 2017 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Notes;

(k) have interest paid in equal semi-annual instalments **[(except the initial interest payment)]** on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing with the Payment Date occurring in the month of [**April/October**], 2018 in respect of the Series 2017-1 Senior Notes issued prior to such date;

(l) mature on, and have ● [**NTD: select a Payment Date]**, as their sole Principal Payment Date;

(m) have ● as their Principal Payment Default Date;

(n) have ● as their Principal Accumulation Date;

(o) have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Date	**Principal Accumulation Amount**
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Principal Payment Date	$●

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

(q) **[be redeemable and subject to repurchase as provided in Section 2.6 below]**; and

(r) **[not be subject to defeasance and covenant defeasance as contemplated by Section ● of the Trust Indenture] [be subject to defeasance and covenant defeasance in accordance with Section ● of the Trust Indenture].**

2.3 Delivery

On the date of issuance of the Series 2017-1 Senior Notes, Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the

certificate representing the Series 2017-1 Senior Notes) will on each Interest Payment Date, make payment of such interest, less any taxes required by law to be deducted or withheld, by wire transfer to each holder of a Series 2017-1 Senior Note as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2017-1 Senior Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Due Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of holders of Series 2017-1 Senior Notes on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2017-1 Senior Notes to the extent of the sum represented thereby.

2.6 [Redemption and Repurchase

[**NTD: Customary redemption/repurchase mechanics to be added to Trust Indenture as per OPG MTN indenture. Redemption below contemplates a par call]**

(a) At its option, at any time prior to ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to the greater of (i) the Series 2017-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2017-1 Redemption Date. At any time on or after ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to par, together with accrued and unpaid interest to the Series 2017-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption. Less than all of the Series 2017-1 Senior Notes may be redeemed, if so redeemed, in accordance with Section ● of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2017-1 Senior Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Series 2017-1 Senior Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2017-1 Senior Notes may be purchased, if so purchased, for cancellation in accordance with Section ● of the Trust Indenture.

(c) The Series 2017-1 Senior Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2017-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury

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

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

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

2.9 Conditions Precedent to Issuance of Series 2017-1 Senior Notes

On or prior to the initial issuance of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and the Global Note representing the Series 2017-1 Senior Notes shall have been executed and delivered to the Depository (or as it may direct) for deposit into its [**Book-Based System**] for the benefit of the [**Beneficial Holders**] upon receipt by the Indenture Trustee of a [**Written Order**].

(d) The Series 2017-1 Senior Notes will have been rated **[AAA(sp)]** by DBRS and **[Aaa(sp)]** by Moody's.

2.10 Acceleration Events

[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.]

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2017-1 Noteholder that:

(a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

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

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

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

4.2 Confirmation of Trust Indenture

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

4.3 Indenture Trustee Not Bound to Act

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

4.4 Successor and Assigns

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

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2017-1 Noteholders) hereby acknowledges and agrees that the Series 2017-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.11]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any

such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

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

4.10 Governing Law and Attornment

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

4.11 Expenses

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

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust

activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

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

4.15 Delivery of Executed Copies

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

[signature page follows]

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

FAIR HYDRO TRUST, by

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**AEOI Legislation**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Excluded Taxes**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Government of Canada Yield**" on any date means, in respect of the Series 2017-1 Senior Notes to be redeemed, the yield from the Series 2017-1 Redemption Date to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● **[par call date]** (calculated from the Series 2017-1 Redemption Date) of the Series 2017-1 Senior Notes, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

"**Interest Payment Date**" has the meaning specified in Section 2.2(l) of this Supplemental Indenture.

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

"**Recipient**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Requisite Series 2017-1 Noteholders**" means Series 2017-1 Noteholders holding, in aggregate, at least **[50]**% of the Series 2017-1 Senior Notes then Outstanding.

"Series 2017-1 Canada Yield Price" means a price equal to the price of the Series 2017-1 Senior Notes calculated to provide a yield to ● [**par call date**], compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2017-1 Redemption Date specified in the notice of redemption delivered pursuant to Section ● of the Trust Indenture, plus ●%.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Redemption Date**" means a date fixed for redemption of the Series 2017-1 Senior Notes pursuant to Section ● of the Trust Indenture.

"**Series 2017-1 Senior Note**" means any one of the Series 2017-1 Senior Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

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

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

SUBORDINATED SERIES [2017-1] SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF ●, 2017

AND PROVIDING FOR THE ISSUE OF
●% SUBORDINATED NOTES DUE ●, SERIES 2017-1
OF FAIR HYDRO TRUST

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2017-1 SUBORDINATED NOTES 2
2.1 Creation of Series 2017-1 Subordinated Notes 2
2.2 Principal Terms 2
2.3 Delivery 3
2.4 Payment of Interest 4
2.5 Payment of Principal 4
2.6 [Redemption and Repurchase 4
2.7 Indemnification by the Issuer 5
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2017-1 Subordinated Notes 6
2.10 Acceleration Events 7
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ARTICLE 3 REPRESENTATIONS AND WARRANTIES 7
3.1 Representations and Warranties of the Issuer 7
3.2 Survival 7

ARTICLE 4 GENERAL 7
4.1 Acceptance of Trust 7
4.2 Confirmation of Trust Indenture 7
4.3 Indenture Trustee Not Bound to Act 8
4.4 Successor and Assigns 8
4.5 Specified Creditors 8
4.6 Waiver 8
4.7 Notice 8
4.8 No Waiver: Remedies 8
4.9 Entire Agreement 9
4.10 Governing Law and Attornment 9
4.11 Expenses 9
4.12 Further Assurances 9
4.13 Limitation of Liability of Issuer Trustee 9
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

●% SUBORDINATED NOTES DUE ●, SERIES 2017-1

THIS SUBORDINATED NOTES SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2017, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the "**Indenture Trustee**").

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

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Subordinated Notes designated as the ●% Subordinated Notes due ●, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**");

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

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental

Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Subordinated Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2017-1 SUBORDINATED NOTES

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Subordinated Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●%Subordinated Notes due ●, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes will:

(a) be designated as set out in Section 2.1;

(b) be Subordinated Notes and will not be subordinated to any other Class, Series or Tranche of Notes other than all Senior Notes;

(c) not be divided into Tranches;

(d) **[be unlimited in principal amount but initially][NTD: To be discussed]** will have an aggregate principal amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2017-1 Subordinated Notes may be increased after the date hereof without the consent of any holder of Series 2017-1 Subordinated Notes or any holder of any Notes of any other Class, Series or Tranche;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued in the form of a Global Note; **[NTD: To be confirmed.]**

(h) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(i) bear interest at a rate of ●% per annum;

(j) accrue interest from the later of: (i) ●, 2017 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Notes;

(k) have interest paid in equal semi-annual instalments **[(except the initial interest payment)]** on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing with the Payment Date occurring in the month of [**April/October**], 2018 in respect of the Series 2017-1 Subordinated Notes issued prior to such date;

(l) mature on, and have ● [**NTD: select a Payment Date]**, as their sole Principal Payment Date;

(m) have ● as their Principal Payment Default Date;

(n) have ● as their Principal Accumulation Date;

(o) have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Date	**Principal Accumulation Amount**
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Principal Payment Date	$●

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

(q) **[be redeemable and subject to repurchase as provided in Section 2.6 below]**; and

(r) **[not be subject to defeasance and covenant defeasance as contemplated by Section ● of the Trust Indenture] [be subject to defeasance and covenant defeasance in accordance with Section ● of the Trust Indenture].**

2.3 Delivery

On the date of issuance of the Series 2017-1 Subordinated Notes, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2017-1 Subordinated Notes) will on each Interest Payment Date, make payment of such interest, less any taxes required by law to be deducted or withheld, by wire transfer to each holder of a Series 2017-1 Subordinated Note as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2017-1 Subordinated Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Due Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of holders of Series 2017-1 Subordinated Notes on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2017-1 Subordinated Notes to the extent of the sum represented thereby.

2.6 [Redemption and Repurchase

[**NTD: Customary redemption/repurchase mechanics to be added to Trust Indenture as per OPG MTN indenture. Redemption below contemplates a par call]**

(a) At its option, at any time prior to ● **[par call date]**, the Issuer may redeem the Series 2017-1 Subordinated Notes in whole or, from time to time, in part, on payment of a redemption price equal to the greater of (i) the Series 2017-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2017-1 Redemption Date. At any time on or after ● **[par call date]**, the Issuer may redeem the Series 2017-1 Subordinated Notes in whole or, from time to time, in part, on payment of a redemption price equal to par, together with accrued and unpaid interest to the Series 2017-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption. Less than all of the Series 2017-1 Subordinated Notes may be redeemed, if so redeemed, in accordance with Section ● of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2017-1 Subordinated Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Series 2017-1 Subordinated Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2017-1 Subordinated Notes may be purchased, if so purchased, for cancellation in accordance with Section ● of the Trust Indenture.

(c) The Series 2017-1 Subordinated Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2017-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section **[7.04]** or Section **[8.13]** of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such

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

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

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

2.9 Conditions Precedent to Issuance of Series 2017-1 Subordinated Notes

On or prior to the initial issuance of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Series 2017-1 Subordinated Notes shall have been duly issued in accordance with the Trust Indenture and the Global Note representing the Series 2017-1 Subordinated Notes shall have been executed and delivered to the Depository (or as it may direct) for deposit into its [**Book-Based System**] for the benefit of the [**Beneficial Holders**] upon receipt by the Indenture Trustee of a [**Written Order**]. **[NTD: To be confirmed.]**

2.10 Acceleration Events

[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.]

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2017-1 Noteholder that:

(a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

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

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

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

4.2 Confirmation of Trust Indenture

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

4.3 Indenture Trustee Not Bound to Act

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

4.4 Successor and Assigns

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

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2017-1 Noteholders) hereby acknowledges and agrees that the Series 2017-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.11]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any

such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

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

4.10 Governing Law and Attornment

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

4.11 Expenses

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

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust

activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

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

4.15 Delivery of Executed Copies

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

[signature page follows]

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

FAIR HYDRO TRUST by

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**AEOI Legislation**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Excluded Taxes**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Government of Canada Yield**" on any date means, in respect of the Series 2017-1 Subordinated Notes to be redeemed, the yield from the Series 2017-1 Redemption Date to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● **[par call date]** (calculated from the Series 2017-1 Redemption Date) of the Series 2017-1 Subordinated Notes, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

"**Interest Payment Date**" has the meaning specified in Section 2.2(l) of this Supplemental Indenture.

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

"**Recipient**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Requisite Series 2017-1 Noteholders**" means Series 2017-1 Noteholders holding, in aggregate, at least **[50]**% of the Series 2017-1 Subordinated Notes then Outstanding.

"Series 2017-1 Canada Yield Price" means a price equal to the price of the Series 2017-1 Subordinated Notes calculated to provide a yield to ● [**par call date**], compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2017-1 Redemption Date specified in the notice of redemption delivered pursuant to Section ● of the Trust Indenture, plus ●%.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Subordinated Note is registered in the Note Register.

"**Series 2017-1 Redemption Date**" means a date fixed for redemption of the Series 2017-1 Subordinated Notes pursuant to Section ● of the Trust Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Series 2017-1 Subordinated Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

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

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SUBORDINATED NOTE

●

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

●
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Senior Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchasers 3
3.2 Delivery 4
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount 4
3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination 8
3.5 Increases and Reductions of the Commitments 8
3.6 Interest; Fees and Other Amounts 9
3.7 Accumulation and Repayment of Principal 9
3.8 Indemnification by the Issuer 10
3.9 Funding Agents 10
3.10 Taxes 11
3.11 Increased Costs 12

ARTICLE 4 CONDITIONS PRECEDENT 13
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes 13
4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes 15

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 16
5.1 Representations and Warranties of the Issuer 16
5.2 Representations and Warranties of the Purchasers 16
5.3 Survival 16

ARTICLE 6 COVENANTS 17
6.1 Covenants of the Issuer 17

ARTICLE 7 AGENTS 18
7.1 Administrative Agent 18
7.2 Funding Agents 20

ARTICLE 8 GENERAL 22
8.1 Successor and Assigns 22
8.2 Waiver 25

TABLE OF CONTENTS
(continued)

Page

8.3 Notice 25
8.4 No Waiver: Remedies 25
8.5 Entire Agreement 26
8.6 Governing Law and Attornment 26
8.7 Acknowledgment of Trust Indenture and No Proceedings 26
8.8 Expenses 26
8.9 Further Assurances 27
8.10 Confidentiality 27
8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions 28
8.12 Limitation of Liability of Issuer Trustee 28
8.13 Execution in Counterparts 29
8.14 Delivery of Executed Copies 29

FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust

Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Classes or Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;

(k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(l) will have each Payment Date as an Interest Payment Date;

(m) will have a Principal Payment Due Date that is the Series 2017-1 Principal Payment Due Date;

(n) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default Date; and

(o) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to [**December 15, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with

a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3:00 p.m.]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the

related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) in the following order of priority:

(i) As to an amount equal to ●% of the amounts paid to pursuant to Sections 3.3(d) and 3.3(f), by deposit to the Program Cash Reserve Account; **[NTD: OPG would like to understand what this account is needed for]** and

(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be

subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.08(a)(i) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Notes pursuant to Sections 7.04(e)(iii) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Notes:

(i) for each Payment Date before the Principal Accumulation Date, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; and

(ii) for each Payment Date on or after the Principal Accumulation Date, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount

for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Notes. On each Principal Payment Date in respect of the Series 2017-1 Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections **7.04(e)(iv)(A), 7.06(a) or 8.13(d)** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer indemnified person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04] or [8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding

Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Person's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Person of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Person or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Person, or credit extended by an Affected Person pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Person of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Person's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Person under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) of a written request therefore to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii)

relating to any period ending, and of which such Affected Party has had knowledge, more than ninety (90) days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

(b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter, this Supplemental Indenture and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;

(v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administration Agent and the Funding Agents;

(viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(ix) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(d) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed; and

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than twenty-five percent (25)% of the aggregate outstanding principal amount of all Issuer Funding Obligations. **[NTD: OPG has discussed with Dealers.]**

(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders, such consent not to be unreasonably withheld or delayed.

(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

[NTD: OPG understands that there will be another covenant that following Principal Payment Due Date proceeds of any financings must be applied to repay these notes in priority to any other use of funds.]

ARTICLE 7
AGENTS

7.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

7.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such

Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and

investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 8.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal

Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would

have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group

Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Asset.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent, the Issuer or the Administrator; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or an Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

8.2 Waiver

Without limiting the requirements of Section **[11.02]** of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article **[15]** of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

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8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.06]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as

required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

8.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer

Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.13 Execution in Counterparts

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

8.14 Delivery of Executed Copies

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

[signature page follows]

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

[FAIR HYDRO TRUST], as Issuer

ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

● **TRUST COMPANY OF CANADA**, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

●,

By: _____
Name:
Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means the outstanding Dollar Principal Amount of all Funding Obligations of the Series 2017-1 Senior Notes have been declared or automatically become due and payable **[pursuant to Section [8.02] of the Trust Indenture]**. **[NTD: Consider if it is worth having a separate definition of Acceleration Event for this Series aside from what happens under 8.02 of the Trust Indenture.]**

"**Administrative Agent**" shall have the meaning specified in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

"**Billing Period**" has the meaning specified in the Master Transfer and Servicing Agreement; **[NTD: Consider if this can be replaced with Interest Period wherever it occurs.]**

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Code**" is defined in Section 3.10(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-

Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having short-term debt ratings of at least "A-1" from Standard & Poor's and "P-1" from Moody's.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" shall have the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Fee Letter**" means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 8.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

"**Issuer indemnified person**" is defined in Section 3.8.

"**Issuer indemnified person**" is defined in Section 3.8

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a

Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 8.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date. [**NTD: OPG would like an aggregate Non-Deferrable Draw Amount of $100 million at all times.]**

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its "prime rate."

"**Principal Accumulation Amount**" means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) $●, and (y) the Series 2017-1 Principal Amount.

"**Principal Accumulation Date**" means the Payment Date occurring in the month of ●, [2021].

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 8.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS,

or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ●, as such date may be extended in accordance with Section 3.5(c). [**NTD: two years out.]**

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Principal Payment Due Date**" means ●. [**NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?**]

"**Series 2017-1 Principal Payment Default Date**" means ●. [**NTD: the "cure period" number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]**

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(c).

"**Transferee**" is defined in Section 8.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to

time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Subordinated Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchaser 3
3.2 Delivery 3
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount 3
3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount 4
3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount 5
3.6 Interest; Other Amounts 5
3.7 Accumulation and Repayment of Principal 5
3.8 Indemnification by the Issuer 6
3.9 Taxes 6
3.10 Increased Costs 8
3.11 Acceleration Events 9

ARTICLE 4 CONDITIONS PRECEDENT 9
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes 9
4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes 11

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 11
5.1 Representations and Warranties of the Issuer 11
5.2 Representations and Warranties of the Purchaser 12
5.3 Survival 12

ARTICLE 6 COVENANTS 12
6.1 Covenants of the Issuer 12

ARTICLE 7 GENERAL 13
7.1 Successor and Assigns 13
7.2 Waiver 13
7.3 Notice 13

TABLE OF CONTENTS
(continued)

Page

7.4 No Waiver: Remedies 14
7.5 Entire Agreement 14
7.6 Governing Law and Attornment 14
7.7 Acknowledgment of Trust Indenture and No Proceedings 14
7.8 Expenses 14
7.9 Further Assurances 15
7.10 Confidentiality 15
7.11 Limitation of Liability of Issuer Trustee 16
7.12 Execution in Counterparts 16
7.13 Delivery of Executed Copies 17

FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ■, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Classes or Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be Subordinated Notes and will not be subordinated to any other Series, Class or Tranche of Notes other than all Senior Notes;

(k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(l) will have each Payment Date as an Interest Payment Date;

(m) will have a Principal Payment Date that is the Series 2017-1 Senior Principal Payment Date;

(n) will have a Principal Payment Default Date that is the Series 2017-1 Subordinated Principal Payment Default Date; and

(o) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to [**December 15, 2017**], concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1

Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section **[3.3(a)]** of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be increased by an amount not to exceed the product of (i) the Series 2017-1 Senior Increase on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) and (ii) **[ninety-eight]** percent **[(98)]**% (an "**Increase**") by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section **[3.3(a)]** of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder unless after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount is not exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) in the following order of priority:

(i) **[As to an amount equal to ●% of the amounts paid to pursuant to Section 3.3(a), by deposit to the Program Cash Reserve Account; and] [NTD: Discuss how this account is to be funded.]**

(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

(a) On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount not to exceed the product of (i) the Series 2017-1 Senior Decrease on such Business Day, and (ii) **[ninety-eight]** percent **[(98)]**% (a "**Decrease**"). Each

Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section **[3.4]** of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section **[3.5(a)]** of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Subordinated Maximum Principal Amount shall be automatically increased by an amount equal to **[ninety-eight]** percent **[(98)]**% of such aggregate increase to the Maximum Purchaser Group Principal Amounts pursuant to Section **[3.5(a)]** of the Senior Series 2017-1 Supplemental Indenture. **[NTD: Consider whether in senior warehouse supplemental if section 5.01 CPs must be met and new note issued. We are missing mechanic if so.]**

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section **[3.5(b)]** of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased by an amount equal to **[ninety-eight]** percent **[(98)]**% of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section **[3.5(b)]** of the Senior Series 2017-1 Supplemental Indenture. **[NTD: Consider if new note to be issued. We are missing mechanic if so.]**

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section **[7.04(e)(ix)]** of the Trust Indenture and shall be payable pursuant to Sections **[7.05(b), 7.08(a)(ii) or 8.13(c)]** of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections **[7.04(e)(ix) or 8.13(h)]** of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Subordinated Notes:

(i) for each Payment Date before the Principal Accumulation Date or an Acceleration Event, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date;

(ii) for each Payment Date on or after the Principal Accumulation Date prior to the occurrence of an Acceleration Event, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date; and

(iii) for each Payment Date following the occurrence of an Acceleration Event, the Principal Accumulation Amount shall be the Series 2017-1 Subordinated Principal Amount.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections [**7.04(e)(x), 7.06(b) or 8.13(i)]** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04] or [8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income),

franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser of a written request therefore to the Issuer, the Purchaser shall be entitled to be paid, such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than ninety (90) days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge

or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

3.11 Acceleration Events

[NTD: To be conformed with Senior Supplemental Indenture.]

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

(b) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;

(v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement and the Change of Law Process Agreement in form and substance satisfactory to the Purchaser;

(viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(ix) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(d) The Series 2017-1 Subordinated Notes shall have been duly issued in accordance with the Trust Indenture and the Purchaser shall have received its Series 2017-1 Subordinated Note registered in its name or a nominee in a face amount equal to the Series 2017-1 Maximum Principal Subordinated Amount.

(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase; and

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not more than forty-nine percent (49)% of the aggregate outstanding principal amount of all Issuer Funding Obligations (excluding Derivative Funding Obligations).

ARTICLE 7
GENERAL

7.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser; and (ii) the Purchaser may, without the prior written consent of the Issuer, assign or transfer any of its rights or obligations under this Supplemental Indenture in the ordinary course of its business and in accordance with applicable law to another Person (each, a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit ■ (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

7.2 Waiver

Without limiting the requirements of Section **[11.02]** of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

7.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article **[15]** of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

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

7.4 No Waiver: Remedies

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

7.5 Entire Agreement

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

7.6 Governing Law and Attornment

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

7.7 Acknowledgment of Trust Indenture and No Proceedings

The Purchaser acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.06]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

7.8 Expenses

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

expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

7.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

7.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory

legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

7.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 7.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 7.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

7.12 Execution in Counterparts

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

7.13 Delivery of Executed Copies

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

[signature page follows]

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

FAIR HYDRO TRUST, as Issuer, by

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.,
as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means the outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes have been declared or automatically become due and payable pursuant to Section **[3.11]** of the Senior Series 2017-1 Supplemental Indenture and the outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes have been declared or automatically become due and payable pursuant to Section 3.11.

"**Administrative Agent**" shall have the meaning specified in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" has the meaning specified in Section 3.9(a) of this Supplemental Indenture.

"**Applicable Margin**" means ■.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Code**" is defined in Section 3.9(a).

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Excluded Taxes**" shall have the meaning specified in Section 3.9(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 3.9(a) of this Supplemental Indenture.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" shall have the meaning specified in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

"**Issuer**" shall have the meaning specified in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" shall have the meaning specified in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" shall have the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 7.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Prime Rate**" means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its "prime rate."

"**Principal Accumulation Amount**" means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) $●, and (y) the Series 2017-1 Subordinated Principal Amount.

"**Principal Accumulation Date**" means the Payment Date occurring in the month of ●, **[2021]**.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Subordinated Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Subordinated Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Subordinated Principal Payment Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

"**Purchaser**" shall have the meaning specified in the recitals to this Supplemental Indenture.

"**Recipient**" has the meaning specified in Section 3.9(a) of this Supplemental Indenture.

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not

having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" shall have the meaning specified in the recitals to this Supplemental Indenture.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to **[ninety-eight percent (98%)]** of the Series 2017-1 Initial Senior Principal Amount

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to **[ninety-eight percent (98%)]** of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" shall have the meaning specified in the recitals to this Supplemental Indenture.

"**Series 2017-1 Senior Principal Payment Date**" means ■. **[NTD: the date upon which the Series 2017-1 Senior Notes become due and payable.]**

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Subordinated Principal Payment Default Date**" means ■. **[NTD: likely later than the Series 2017-1 Senior Principal Payment Default Date.]**

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Termination Event**" means any Acceleration Event or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 7.1(a).

"**Transferee**" is defined in Section 7.1(b).

"**Trust Indenture**" means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SUBORDINATED NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

~~[~~

COMPUTERSHARE TRUST COMPANY~~[~~ OF CANADA

as Issuer Trustee of

~~■~~

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **1**

1.1 Definitions 1
1.2 Interpretation 5
1.3 Accounting Principles 6
1.4 References to Acts of the Trust 6

ARTICLE 2 THE TRUST **6**

2.1 Purpose and Activities of the Trust 6
2.2 Limitation on Certain Activities 7
2.3 Name and Head Office ~~8~~7
2.4 Nature of the Trust 8
2.5 Rights of Unitholders 8

ARTICLE 3 UNITS **9**

3.1 Nature of Units 9
3.2 Consideration of Units 9
3.3 No Pre-Emptive Rights 9
3.4 Fractional Units 9
3.5 Allotment and Issue 10
3.6 Prohibited Issuances and Transfers 10
3.7 Liability of Unitholders 11

ARTICLE 4 REDEMPTION OF UNITS **12**

4.1 Redemption of Units 12

ARTICLE 5 RIGHTS AND POWERS OF ISSUER TRUSTEE **13**

5.1 General Rights and Powers 13
5.2 Acquisition of Assets and Deposit of Funds 13
5.3 Legal Title and Custody 14
5.4 Disposition of Trust Property 14
5.5 Management of Trust Property 14
5.6 Power to Borrow Money and Issue Funding Obligations 14
5.7 Hedging Agreements 15
5.8 Execution of Instruments 15
5.9 Facsimile Signatures 15
5.10 Taxes 15
5.11 Collection 16
5.12 Expenses and Compensation of Issuer Trustee 16
5.13 Allocation 17
5.14 Fiscal Year and Form of Accounts 17
5.15 Power to Contract 17

TABLE OF CONTENTS
(continued)

Page

5.16 Indemnification 18
5.17 Further Powers 18
5.18 Auditors 19
5.19 Defect in Appointment 19
5.20 Status 19

ARTICLE 6 REPLACEMENT OF ISSUER TRUSTEE 19

6.1 Resignation of Issuer Trustee 19
6.2 Removal of Issuer Trustee 20
6.3 Vacancy 20
6.4 Appointment of New Issuer Trustee 20
6.5 Merger, Consolidation and Amalgamation 20
6.6 Vesting in Successor Issuer Trustee 21
6.7 Confidentiality 21
6.8 Right to Disclose 21

ARTICLE 7 STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS 21

7.1 Standard of Care 21
7.2 Limitation of Liability of Issuer Trustee 22
7.3 Indemnification of the Issuer Trustee 22
7.4 Reliance upon Advice 23
7.5 Retain Experts 23
7.6 Reliance on Experts 23
7.7 Provisions Regarding Liability 23

ARTICLE 8 RECORDS 24

8.1 Records to be Kept 24
8.2 Segregation of Assets 24
8.3 Method of Keeping Records 24
8.4 Annual Financial Statements 24

ARTICLE 9 MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS 24

9.1 Annual Meeting 24
9.2 Other Meetings 24
9.3 Quorum and Voting 25
9.4 Written Resolution 25

ARTICLE 10 AMENDMENT 25

10.1 Amendment 25
10.2 Automatic Amendment 26

TABLE OF CONTENTS
(continued)

Page

10.3 Supplemental Declaration of Trust 26

ARTICLE 11 DISTRIBUTION OF TRUST PROPERTY 26

11.1 Distributions 26
11.2 Allocation 28
11.3 Payment of Distributions 28
11.4 Legal Rights 29
11.5 Income Tax Matters 29
11.6 Designations ~~29~~**30**
11.7 Withholding Taxes 30

ARTICLE 12 TERMINATION OF THE TRUST 30

12.1 Termination 30

ARTICLE 13 GENERAL 31

13.1 Irrevocability 31
13.2 Change of Office 31
13.3 Execution of Instruments 31
13.4 Manner of Giving Notice 31
13.5 Taxation Information 31
13.6 Severability ~~31~~**32**
13.7 Governing Law 32
13.8 Language 32

THIS DECLARATION OF TRUST is made as of ■, 2017 by ■Computershare Trust Company of Canada, a trust company established under the laws of [Canada] (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

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

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling, controlled by or under common control with such specified Person and, for the purposes of this definition, "**control**" means, in respect of any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

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

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

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

"**Hedging Agreement**" means any agreement evidencing an interest rate swap transaction, forward rate transaction, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction or any combination of these transactions, in each case, entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**IESO**" means the Independent Electricity System Operator.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means ~~■~~BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means ~~■~~Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement dated the date hereof between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement to administer the Investment Interests and perform such other duties assigned to it thereunder.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into by and between the Trust and the IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**OPG**" means Ontario Power Generation Inc.

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

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing

Agreement, each Transfer Notice, the Change of Law Protection Agreement and any hedging agreements, credit enhancement agreements, loan agreements, subordinated loan agreements, security agreements and Underwriting Agreements in effect at such time and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

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

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

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

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means **Fair Hydro Trust**, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means any underwriting, agency or other agreement providing for the sale and distribution of Funding Obligations by one or more Dealers.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.[1]

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have

[1] ~~Note: It is proposed that a single unit of the Trust will be issued to the Indenture Trustee (in addition to units to OPG or a subsidiary of OPG) in order to ensure that OPG or a subsidiary of OPG does not have the capability to cause the Trust to be wound-up.~~

been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or

proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is "■**Fair Hydro Trust**" and the French form of the name of the Trust is "■". The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at ~~[*address of Issuer Trustee*]~~ **100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.**

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except

as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to

receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or

liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will **satisfy the Redemption Price**, subject to compliance with any regulatory requirements, ~~distribute~~**by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing** to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. ~~The~~ **In the event that property is distributed *in specie*, the** amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the

Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. **The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada.** For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding

Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Hedging Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Hedging Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Hedging Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Hedging Agreement may be entered into at any time after the original Hedging Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust

Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and

any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to

Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may by instrument in writing appoint a Trust Company, which either (i) has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000; or (ii) has been approved in writing by each Rating Agency prior to its appointment by the Unitholders, in order to replace the Issuer Trustee. If the Unitholders fails to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, negligence or the failure to comply

with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such

resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY[1]

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) Having regard to the present intention of the Issuer Trustee to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year so that the Trust will not have any liability for tax under Part I of the ITA in any taxation year (other than alternative minimum tax or taxes payable under the

[1] **Subject to PILs exemption.**

"SIFT trust" rules in the ITA), unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each such taxation year:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(1) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(1) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by

the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions **or other amounts** payable ~~to a Unitholder~~**under this Declaration of Trust** amounts required by law to be deducted or withheld from such ~~Unitholder's~~ distributions **or payments**, whether such distributions **or payments** are **satisfied** in the form of cash, ~~a~~**cheque,** promissory note, additional Units or

otherwise. To the extent that any amounts are deducted or withheld from payments **made by cash, cheque or wire transfer, including those** described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to ~~a Unitholder~~**the recipient of the payment** in respect of the distribution **or other amount** payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution **or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those** described in subsections **4.1(3),** 4.1(5) or ~~11.1(2), or elects to pay a distribution in the manner contemplated in subsection~~ 11.3(3), the ~~Unitholder~~**recipient of the payment** shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation,

performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

~~[~~COMPUTERSHARE TRUST COMPANY~~]~~ OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on November-10-17 8:07:04 PM

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Document 2 ID	file://C:\Users\bsaulnie\Desktop\Declaration of Trust - Fair Hydro.DOCX
Description	Declaration of Trust - Fair Hydro
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Statistics:	
	Count
Insertions	39
Deletions	29
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	68

MANAGEMENT AGREEMENT

between

~~■~~
FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

~~■~~
BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of ■, 2017

TABLE OF CONTENTS

ARTICLE 1
INTERPRETATION **2**
1.1 Definitions 2

ARTICLE 2
INTRODUCTORY PROVISIONS ..... **~~5~~4**
2.1 Sections and Headings ..... ~~5~~4
2.2 Extended Meanings ..... ~~5~~4
2.3 References to Acts of the Issuer or the Issuer Trustee 5

ARTICLE 3
APPOINTMENT OF THE MANAGER **5**
3.1 Appointment and Authority of the Manager 5

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER **6**
4.1 Program Agreements 6
4.2 Issuer Investment Interest **9**
4.3 Collection of Clean Energy Adjustments 10
~~4.3~~**4.4** Investment Interest Records 11
~~4.4~~**4.5** Payment of Other Issuer Fees and Expenses 12
~~4.5~~**4.6** Delegation 12
~~4.6~~**4.7** Annual Compliance Certificates ..... ~~13~~**12**
~~4.7~~**4.8** Acknowledgment of Duties as Financial Services Manager 13

ARTICLE 5
OTHER PROVISIONS RELATING
TO THE DUTIES AND COMPENSATION **13**
5.1 Standard of Care 13
5.2 Compliance with Program Agreements; Conformity with Law 14
5.3 Liabilities 14
5.4 Compensation of the Manager 15
5.5 Compensation of the Issuer 15
5.6 Indemnification by Manager 15
5.7 Contracting with Itself and Affiliates 17

ARTICLE 6
REPRESENTATIONS AND WARRANTIES ~~17~~18
6.1 Representations of the Issuer ~~17~~18
6.2 Representations of the Manager ~~17~~18

ARTICLE 7
TERMINATION AND RESIGNATION ~~17~~18
7.1 Termination ~~17~~18

ARTICLE 8
MISCELLANEOUS 18
8.1 **Acknowledgement of Indenture** 18
8.2 Appointment of Manager as Attorney-in-Fact ~~18~~19
~~8.2~~**8.3** Amendments and Waivers ~~18~~19
~~8.3~~**8.4** Withholding Rights ~~18~~19
~~8.4~~**8.5** No Petition ~~19~~20
~~8.5~~**8.6** Notice ~~19~~20
~~8.6~~**8.7** Recourse to Issuer Trustee and the Issuer ~~20~~21
~~8.7~~**8.8** Severability ~~20~~21
~~8.8~~**8.9** Execution of Counterparts; Electronic Delivery ~~20~~21
~~8.9~~**8.10** Governing Law ~~20~~21
~~8.10~~**8.11** Grant of Security Interest to Indenture Trustee ~~20~~22

EXHIBIT

Exhibit A – Annual Compliance Certificate

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of ■, 2017,

BETWEEN:

■**FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

[INDENTURE TRUSTEE]BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established by the Financial Services Manager pursuant to the Act and may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, ~~those~~**its** rights ~~and obligations set forth in Sections 4.1(a)(vii), 4.1(a)(xx), 4.1(a)(xxiii), 4.3(a), 4.7(d), 4.7(e), 5.6, 7.1, 8.2(b) and 8.10 hereof~~**set forth in this Agreement**;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, ~~restated or~~ replaced **or amended and restated** from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be **amended,** supplemented, ~~amended~~**modified**, replaced or amended and restated from time to time;

"Electricity Vendor" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital ~~continued~~**amalgamated** under the *Electricity Act, 1998*, S.O. 1998;

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer, as may be **amended,** supplemented, ~~amended~~**modified**, replaced or amended and restated from time to time;

"Indenture Indemnified Losses" has the meaning ascribed to such term in Section 5.6(b);

"Indenture Indemnified Person" means the Indenture Trustee and its officers, directors and employees;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees ~~payable to the Manager, as set out in the applicable fee letter to be issued on an annual basis or more frequently as the Issuer and the Manager may determine~~**established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act**;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated ■, 2017 between the Issuer and the IESO ~~and acknowledged and accepted by the Indenture Trustee~~, as may be **amended,** supplemented, ~~amended~~**modified**, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"~~**Program Agreements**" means the Indenture, each Supplemental Indenture, the Declaration of Trust, this Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements and Note Purchase Agreements in effect at such time and all other documents and certificates delivered in connection therewith;~~**Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding;**

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means ~~the~~**Ontario Regulation 206/17: General, together with any other** regulations promulgated under the Act;

"**Servicer CEA ~~Collections~~Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. **The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.**

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund

schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xv) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvi) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xvii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xviii) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xx) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxi) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or

the conduct of its operations and all general services customarily provided by legal counsel;

(xxii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiii) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, ~~Liquidity~~ Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxiv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxv) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvi) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxvii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxviii) preparing and filing, in accordance with the requirements of **the Indenture and** any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxix) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between ~~the~~ Servicer CEA ~~Collections~~**Receipts** and the Clean Energy Adjustment;

(e) instituting any ~~action or proceeding~~**Proceeding** necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act**, the Regulations** or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any ~~action or proceeding~~**Proceeding** necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Collection of Clean Energy Adjustments

The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(a) review each report delivered by the IESO under Section 3.4(b) of the Master Transfer and Servicing Agreement **and make commercially reasonable efforts to resolve the failures and discrepancies which have not been remedied or adequately explained by Electricity Vendors;**

(b) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(c) as the Manager determines necessary, review or caused to be reviewed, pursuant to its rights under Section 10(4) of the Regulations, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments; provided that if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor.

4.4 ~~4.3~~ Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section ~~4.3~~**4.4** shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section ~~4.3~~**4.4**.

(c) Nothing in this Section ~~4.3~~**4.4** shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section ~~4.3~~**4.4**, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

~~4.4~~ Payment of Other Issuer Fees and Expenses **4.5**

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.6 ~~4.5~~ Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.7 ~~4.6~~ Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.8 ~~4.7~~ Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the ~~standard of care required under Section 5.1~~**Standard of Care**.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, **and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager,** the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

The Issuer and the Manager agree that in respect of any month that the Issuer has an amount payable to the Manager under Section 5.4 in an amount that is not less than $10 (plus the amount of any applicable sales taxes on the Issuer Compensation), the Manager's obligation to pay the compensation to the Issuer under this Section will be fully satisfied by way of setting-off $10 (plus the amount of any applicable sales taxes on the Issuer Compensation) of the

amount payable by the Issuer to the Manager under Section 5.4 against the Manager's amount payable to the Issuer under this Section.

5.6 Indemnification by Manager

(a) The Manager ~~agrees to~~**shall** indemnify~~,~~ **and** defend and hold harmless the Issuer from and against**,** any and all liabilities which may be imposed on, incurred by or assessed against the Issuer as the result of any wilful misconduct or gross negligence by the Manager, its officers, employees or agents or any failure to comply with the ~~standard of care required under Section 5.1~~**Standard of Care**, provided that the Manager will have the exclusive right to compromise or defend, through counsel selected and retained by the Manager, any such liabilities or related claims at its own expense, which decision will be binding upon the Issuer.~~ It is, however, expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:~~

(b) **The Manager shall indemnify each Indenture Indemnified Person and defend and hold harmless each such Indenture Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Indenture Indemnified Losses")** imposed on, incurred by or asserted against **such Indenture Indemnified Person, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement and, except to the extent of Indenture Indemnified Losses resulting from the willful** misconduct, bad faith or gross negligence of **such Indenture Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indenture Indemnified Person for any amount paid or payable by such Indenture Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld. Promptly after receipt by an Indenture Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indenture Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(b), notify the Manager in writing of the commencement thereof. Failure by an Indenture Indemnified Person to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless such Indenture Indemnified Person under this Section 5.6(b) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(b), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indenture Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indenture**

Indemnified Person except as set forth below); provided, that the Indenture Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indenture Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indenture Indemnified Person and the Manager and the Indenture Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indenture Indemnified Person to represent the Indenture Indemnified Person within a reasonable time after notice of the institution of such action, or (iii) the Manager authorizes the Indenture Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indenture Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indenture Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(b) (whether or not the Indenture Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indenture Indemnified Person from all liability arising out of such claim or Proceeding.

(c) **Indemnification under Section 5.6(b) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.**

(d) **Notwithstanding anything contained in this Agreement, it is** expressly understood that the Manager is not agreeing to indemnify or hold the Issuer **or any Indenture Indemnified Person** harmless with respect to any of the following:

~~(a)~~ **(i)** payments due on Issuer Funding Obligations or other amounts borrowed;

(i) ~~(b)~~ any breach or failure to perform on the part of any other third party under any Program Agreement;

(ii) ~~(c)~~ any claim arising out of the assessment of any tax or payments in lieu of tax by a taxing authority against the Issuer;

~~(d) any amount for which the Issuer agrees to indemnify the Manager hereunder;~~

(iii) ~~(e)~~ any liability of the Issuer **or any Indenture Indemnified Person** accruing after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination;

(iv) ~~(f)~~ any losses of the Issuer **or any Indenture Indemnified Person** arising due to risks inherent in the Issuer Investment Interest; ~~or~~

(v) ~~(g)~~ any statements or certificates provided by the Issuer to the effect that ~~(i)~~ **(X)** any Funding Obligation is consistent with the Financing Plan~~,~~ or ~~(ii)~~ **(Y)** the estimated Finance Amount that would have become due and payable in any Reference Period is expected to align with the Fair Allocation Amount determined in respect of such Reference Period**; or**

(vi) **any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision**.

(e) ~~It is further~~**Notwithstanding anything contained in this Agreement, it is expressly** understood that the Manager is not agreeing to indemnify or hold harmless**: (i) the Issuer with respect to any amount for which the Issuer agrees to indemnify the Manager hereunder; or (ii)** the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

~~The Manager agrees to indemnify, defend and hold harmless the Indenture Trustee from and against any and all liabilities which may be imposed on, incurred by or asserted against the Indenture Trustee as the result of any wilful misconduct or gross negligence relating to the maintenance and custody by the Manager, as custodian, of the Investment Interest Records; provided that (a) the Manager will have the exclusive right to compromise or defend, through counsel selected and retained by the Manager, any such liabilities or related claims at its own expense, which decision will be binding upon the Indenture Trustee and (b) the Manager shall not be liable for any portion of any liability resulting from the wilful misconduct, bad faith or gross negligence of the Indenture Trustee.~~

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is ~~not~~ a ~~non~~ resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and ~~8.3~~**8.5**) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the

Indenture, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 ~~**8.1**~~ **Appointment of Manager as Attorney-in-Fact**

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 ~~**8.2**~~ **Amendments and Waivers**

(a) Subject to Section ~~8.2~~**8.3**(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 ~~8.3~~ **Withholding Rights**

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 ~~8.4~~ **No Petition**

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 ~~8.5~~ **Notice**

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

~~■~~
~~■~~
~~■~~
~~■~~

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: ■
Attention: ■

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: ■
Attention: ■

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: ■
Attention: ■

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 ~~8.6~~ Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 ~~8.7~~ Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 ~~8.8~~ Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by

electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 ~~**8.9**~~ **Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 ~~**8.10**~~ **Grant of Security Interest to Indenture Trustee**

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder.

[Remainder of page intentionally left blank.]

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

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By:
Name:
Title:

By:
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: ■Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of ■Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.

as Manager

By:
Name:
Title:

By:
Name:
Title:

Document comparison by Workshare Compare on November-10-17 8:03:39 PM

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Description	#24325449v6<TorysAtWork> - *Fair Hydro -- Management Agreement
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Statistics:	
	Count
Insertions	133
Deletions	115
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	258

MASTER TRANSFER AND SERVICING AGREEMENT

between

~~[FINANCING ENTITY]~~FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **2**
1.1 Definitions 2
1.2 Sections and Headings 7
1.3 Extended Meanings 7

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET **8**
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 8
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 9

ARTICLE 3 ROLE OF THE SERVICER **11**
3.1 Designation of Servicer 11
3.2 Forecasts and Other Information 11
3.3 Clean Energy Adjustments and Electricity Vendors 11
3.4 Reporting 13
3.5 Remittances 14
3.6 **Reimbursement of Servicer** **14**
3.7 Limits to Obligations 14
~~3.7~~**3.8** Servicing and Maintenance Standards 15
~~3.8~~**3.9** Appointments 15
~~3.9~~**3.10** Term 16
~~3.10 Resignation of Servicer~~ ~~16~~
3.11 Mergers 16
3.12 The IESO Not to Resign as Servicer 17
3.14 IESO Security for CEA Remittances ~~18~~**17**

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO **18**
4.1 Representations and Warranties 18
4.2 Survival 20

ARTICLE 5 COVENANTS OF THE IESO **20**
5.1 Existence 20
5.2 No Transfer or Liens 20
5.3 Notice of Liens ~~21~~**20**
5.4 Compliance with Law ~~21~~**20**
5.5 Covenants Related to the Investment Interest 21
5.6 Non-petition Covenants 21
5.7 Disclosure ~~22~~**21**
5.8 Further Assurances 22
5.9 Access to Certain Records and Information 22
5.10 Maintenance of Operations 22
~~5.11 Acknowledgement of Indenture~~ ~~22~~

TABLE OF CONTENTS
(continued)

Page

ARTICLE 6 IESO INDEMNITIES **22**
6.1 Liability of the IESO; Indemnities 22

ARTICLE 7 SERVICER DEFAULT **24**
7.1 Servicer Default 24
7.2 Appointment of Successor Servicer ~~26~~**25**
7.3 Waiver of Past Defaults 26
7.4 Notice of Servicer Default ~~27~~**26**
7.5 Cooperation with Successor Servicer ~~27~~**26**

ARTICLE 8 MISCELLANEOUS ~~27~~**26**
8.1 Amendment ~~27~~**26**
8.2 Withholding Rights 27
8.3 No Partnership 27
8.4 Notices ~~28~~**27**
8.5 Assignment 28
8.6 Limitations on Rights of Third Parties 28
8.7 Severability ~~29~~**28**
8.8 Separate Counterparts; Electronic Delivery ~~29~~**28**
8.9 Governing Law ~~29~~**28**
8.10 Grant of Security Interest to Indenture Trustee ~~29~~**28**
8.11 Limitation of Liability of the Issuer Trustee 29
8.12 Waivers 30

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

~~[FINANCING ENTITY]~~FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

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

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

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

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■**BNY Trust Company of Canada**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ~~■~~**Fair Hydro Trust**, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

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

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section ~~3.9~~**3.10**;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

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

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

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

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by ~~bank~~ wire transfer or ~~bank~~ electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO

contained in this Agreement shall have occurred **and** be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in ~~this Agreement~~**Section 3.6** or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. ~~The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.~~

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a)**, which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations**

or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, ~~that is in the possession or control of the Transferor or~~ which is **reasonably** available ~~on request~~ to the Transferor **directly or upon request**, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments**, make commercially reasonable efforts to cause each Electricity Vendor to**:

(i) ~~provide guidance to the Electricity Vendors with respect to their obligations under the Act to~~ establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) ~~provide~~**settle** a ~~suggested~~ form of Electricity Vendor Billing Period Report to be used by such Electricity ~~Vendors;~~ **Vendor;**

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to ~~such forms and guidance~~**any of the foregoing matters**.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.3(d)~~, and such other discrepancies as may be agreed by the parties hereto, acting reasonably~~;

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report**,**

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) ~~(iv)~~ that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

~~in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;~~

and attempt to resolve the applicable issue; and

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) ~~Report~~**report** monthly to the Issuer any ~~failure on the part of Electricity Vendors to deliver, remit or certify~~**matters** referred to in **Section 3.3**(j~~)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the~~**) which have not been resolved and any** explanation provided therefor by the Electricity Vendor~~.~~**;**

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered or recoverable by the Servicer pursuant to sections 25(1) and 25.1 of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25(1) and 25.1 of the *Electricity Act, 1998*; provided, however, that this Section 3.6 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.7 ~~3.6~~ Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree **that** the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section ~~3.6~~**3.7**.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO~~;~~**.**

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, **or to establish a segregated account into which** Electricity Vendor CEA Collections **are to be deposited,** and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO ~~shall~~**is** not ~~be~~ responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such

payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor~~.~~ **and any other reporting in the Electricity Vendor Billing Period Report.**

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.8 ~~3.7~~ Servicing and Maintenance Standards

Subject to Section ~~3.6~~**3.7**, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.9 ~~3.8~~ Appointments

The Servicer may at any time appoint **OPG or** any **other** Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that **in respect of the appointment of a Person other than OPG,** the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of **OPG or** such **other** Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of **OPG or** any **other** such Person shall be as agreed between the Servicer and **OPG or** such **other** Person from time to time, and the

Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section ~~3.10~~**3.12**.

3.10 ~~**3.9**~~ **Term**

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

~~**3.10 Resignation of Servicer**~~

~~The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.~~

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer

substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer on a monthly basis.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors which are either not rated or are rated less than investment grade to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section ~~3.6~~3.7, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure

by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section ~~3.10~~**3.12** of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the

Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at

the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

~~[Financing Entity]~~Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

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

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the

Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

~~[FINANCING ENTITY]~~FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: ~~[FINANCING ENTITY]~~**Fair Hydro Trust**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between ~~[FINANCING ENTITY]~~**FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer **or electronic funds transfer** in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by ~~bank~~ wire **transfer or electronic funds** transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

~~[FINANCING ENTITY]~~**FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

[**NTD: form to be settled]**

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between ~~**[FINANCING ENTITY]**~~**FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer **or electronic funds transfer** to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

~~[FINANCING ENTITY]~~**FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on November-10-17 8:33:00 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Blackline Against\MTSA (November 7th Rating Agency Draft).DOCX
Description	MTSA (November 7th Rating Agency Draft)
Document 2 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtemp54bc\Master Transfer and Servicing Agreement.docx
Description	Master Transfer and Servicing Agreement
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	91
Deletions	86
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	179

~~FIRST [~~SENIOR ~~NOTES~~SERIES [2017-1]
SUPPLEMENTAL INDENTURE

between

~~[ISSUER]~~FAIR HYDRO TRUST

by

~~●~~ COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

~~●~~BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF ●, 2017

AND PROVIDING FOR THE ISSUE OF
●% SENIOR NOTES DUE ● ~~(SENIOR NOTES~~, SERIES 2017-1~~)~~
OF ~~[ISSUER]~~FAIR HYDRO TRUST

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2017-1 SENIOR NOTES 2
2.1 Creation of Series 2017-1 Senior Notes 2
2.2 Principal Terms 2
2.3 Delivery 3
2.4 Payment of Interest 3
2.5 Payment of Principal ~~3~~4
2.6 [Redemption and Repurchase 4
2.7 Indemnification by the Issuer 4
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2017-1 Senior Notes 6
2.10 Acceleration Events 7
[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.] 7

ARTICLE 3 REPRESENTATIONS AND WARRANTIES ~~6~~7
3.1 Representations and Warranties of the Issuer ~~6~~7
3.2 Survival 7

ARTICLE 4 GENERAL 7
4.1 Acceptance of Trust 7
4.2 Confirmation of Trust Indenture 7
4.3 Indenture Trustee Not Bound to Act ~~7~~8
4.4 Successor and Assigns ~~7~~8
4.5 Specified Creditors 8
4.6 Waiver 8
4.7 Notice 8
4.8 No Waiver: Remedies 8
4.9 Entire Agreement ~~8~~9
4.10 Governing Law and Attornment ~~8~~9
4.11 Expenses 9
4.12 Further Assurances 9
4.13 Limitation of Liability of Issuer Trustee 9
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

TABLE OF CONTENTS
(continued)

Page

●% SENIOR NOTES DUE ● ~~(SENIOR NOTES~~, SERIES ~~2007~~2017-1~~)~~

THIS ~~FIRST (~~SENIOR NOTES~~)~~ SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2017, between ●Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and ●BNY **Trust Company of Canada**, a trust company existing under the laws of ~~(~~Canada~~)~~ (the "**Indenture Trustee**").

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

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Senior Notes designated as the ●% Senior Notes due ●, ~~(~~Series 2017-1~~)~~ (the "**Series 2017-1 Senior Notes**");

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

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are

applicable only in respect of the Series 2017-1 Senior Notes and not the Senior Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2017-1 SENIOR NOTES

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Senior Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "●**% Senior Notes due ●, ~~(~~Series 2017-~~1)~~ 1.**"

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes will:

(a) be designated as set out in Section 2.1;

(b) be ~~a Series of~~ Senior Notes ~~as contemplated by the Trust Indenture;~~ and will not be subordinated to any other **Class, Series or Tranche of Notes;**

(c) not be divided into Tranches;

(d) **[be unlimited in principal amount but initially][NTD: To be discussed]** will have an aggregate principal amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2017-1 Senior Notes may be increased after the date hereof without the consent of any holder of Series 2017-1 Senior Notes or any holder of any Notes of any other Class, Series or Tranche;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued in the form of a Global Note;

~~(h) be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;~~

(h) ~~(i)~~ be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(i) ~~(j)~~ bear interest at a rate of ●% per annum;

(j) ~~(k)~~ accrue interest from the later of: (i) ●, 2017 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Notes;

(k) ~~(l)~~ have interest paid in equal semi-annual instalments **[(except the initial interest payment)]** on ~~●~~ ~~and~~ ~~●~~the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing ~~●~~with the Payment Date occurring in the month of [April/October], 2018 in respect of the Series 2017-1 Senior Notes issued prior to such date ~~**[NTD: Interest Payment Dates to be considered in context of model]**~~;

~~(m) [have an initial interest payment in the amount of $● per $1,000 principal amount payable on ●, 2018;]~~

(l) ~~(n)~~ mature on, and have ● [NTD: select a Payment Date], as their sole Principal Payment ~~Due~~ Date;

(m) ~~(o)~~ have ● as their Principal Payment Default Date;

(n) ~~(p)~~ have ● as their Principal Accumulation ~~Commencement~~ Date;

(o) have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Date	Principal Accumulation Amount
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Principal Payment Date	$●

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

(q) ~~(r)~~ **[be redeemable and subject to repurchase as provided in Section 2.6 below]**; and

(r) ~~(s)~~ **[not be subject to defeasance and covenant defeasance as contemplated by Section ● of the Trust Indenture] [be subject to defeasance and covenant defeasance in accordance with Section ● of the Trust Indenture].**

2.3 Delivery

On the date of issuance of the Series 2017-1 Senior Notes, Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2017-1 Senior Notes) will ~~(i)~~ on each Interest Payment Date, make payment of such interest, less any taxes required by law to be deducted or withheld, by wire transfer to each holder of a Series 2017-1 Senior Note as of the Record Date~~, or (ii) on the day that is two Business Days before each Interest Payment Date, forward or cause to be forwarded to the registered address of each holder of a Series 2017-1 Senior Note as of the Record Date a cheque for such interest, less any taxes required by law to be deducted or withheld, payable to the order of such holder~~. The payment by such wire transfer ~~or forwarding of such cheque~~ will satisfy and discharge the liability for interest upon such Series 2017-1 Senior Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid) ~~unless any such cheque is not paid on presentation~~. Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

~~[On the] [At least one Business Day prior to the]~~By 10:00 a.m. (Toronto time) on the Principal Payment Due Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of holders of Series 2017-1 Senior Notes on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2017-1 Senior Notes to the extent of the sum represented thereby.

2.6 [Redemption and Repurchase

[NTD: Customary redemption/repurchase mechanics to be added to Trust Indenture as per OPG MTN indenture. Redemption below contemplates a par call]

(a) At its option, at any time prior to ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to the greater of (i) the Series 2017-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2017-1 Redemption Date. At any time on or after ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to par, together with accrued and unpaid interest to the Series 2017-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption. Less than all of the Series 2017-1 Senior Notes may be redeemed, if so redeemed, in accordance with Section ● of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2017-1 Senior Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Series 2017-1 Senior Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2017-1 Senior Notes may be purchased, if so purchased, for cancellation in accordance with Section ● of the Trust Indenture.

(c) The Series 2017-1 Senior Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2017-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer ~~indemnified person~~**Indemnified Person** by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer ~~indemnified person~~**Indemnified Person** or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section **[7.04]** or Section **[8.13]** of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

~~**[NTD: Subject to tax review]**~~

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of~~, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (collectively, "**Taxes**")~~ **Taxes**, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other ~~taxes~~**Taxes** based on or measured by the net income of any ~~Series 2017-1 Noteholder (but specifically excluding any taxes required to be withheld under Section 1446 of the *Internal Revenue Code* of 1986 (as amended, the "**Code**"))~~**person legally entitled to receive such payments (each a "Recipient")** as a result of a present or former connection between the ~~recipient~~**Recipient** and the jurisdiction of the ~~governmental~~

~~authority~~**Governmental Authority** imposing such ~~tax~~**Taxes** (other than any such connection arising solely from the ~~recipient~~**Recipient** having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); ~~and (ii) any Taxes imposed under FATCA (as defined below) (including in the case of (i) and (ii),~~**(ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "AEOI Legislation"); and (iii)** any interest, penalties and additions to ~~tax~~**Taxes in respect of (i) and (ii**) (all such excluded ~~taxes~~**Taxes** being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a ~~recipient~~**Recipient** hereunder, the amounts so payable to the ~~recipient~~**Recipient** shall be increased, and the ~~recipient~~**Recipient** shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the ~~recipient~~**Recipient** (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. ~~Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest and Fees shall be increased by the amount of such increase.~~ Whenever any Taxes are payable on or with respect to amounts distributed to a ~~recipient~~**Recipient**, as promptly as possible thereafter the Issuer shall send to such ~~recipient~~**Recipient** a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to ~~U.S. federal withholding Tax imposed by provisions of Chapter 4 of the Code ("FATCA") if the recipient of such payment~~**withholding Taxes under any AEOI Legislation if the Recipient** were to fail to comply with the applicable reporting requirements of ~~FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such recipient~~**any AEOI Legislation, such Recipient** shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law ~~(including as prescribed by Section 1471(b)(3)(C)(i) of the Code)~~ and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with ~~their~~**its** obligations under ~~FATCA~~**any AEOI Legislation** and to determine that such ~~recipient~~**Recipient** has complied with ~~it's~~**its** obligations under ~~FATCA~~**any AEOI Legislation,** or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a ~~recipient~~**Recipient** expires or becomes obsolete or inaccurate in any respect, the ~~recipient~~**Recipient** shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a ~~recipient~~**Recipient** is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 2.8(a)), it shall use commercially reasonable efforts to obtain or claim

such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2017-1 Senior Notes

On or prior to the initial issuance of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and the Global Note representing the Series 2017-1 Senior Notes shall have been executed and delivered to the Depository (or as it may direct) for deposit into its [**Book-Based System**] for the benefit of the [**Beneficial Holders**] upon receipt by the Indenture Trustee of a [**Written Order**].

(d) The Series 2017-1 Senior Notes will have been rated [AAA(sp)] by DBRS and [Aaa(sp)] by Moody's.

2.10 Acceleration Events

[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.]

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2017-1 Noteholder that:

(a) no Termination Event has occurred or would result from the ~~initial~~ purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all ~~tax~~**Tax** returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material ~~taxes~~**Taxes**, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name ~~and the Declaration of Trust has neither been amended nor rescinded other than as consented to by the holders of the Series 2017-1 Senior Notes~~;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; **and**

(f) ~~all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects;~~ **to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.**

~~(g) there has been no material adverse change in the condition (financial or otherwise), business, operations, results of operations, or the property of the Issuer; and~~

~~(h) the Issuer does not own or hold, directly or indirectly, any shares or equity security of, or any equity interest in, any Person.~~

3.2 Survival

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

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

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

4.2 Confirmation of Trust Indenture

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

4.3 Indenture Trustee Not Bound to Act

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

circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

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

4.5 Specified Creditors

The ~~Issuer and the~~ Indenture Trustee (on behalf of the Series 2017-1 Noteholders) ~~acknowledge~~**hereby acknowledges** and ~~agree~~**agrees** that the Series 2017-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section ~~7.06~~**[7.11]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section ~~8.15~~**[8.14]** (Limited Recourse) and Section ~~17.01~~**[16.01]** (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture.

4.8 No Waiver: Remedies

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

4.9 Entire Agreement

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

specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

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

4.11 Expenses

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

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that ~~●~~**Computershare** Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or

other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

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

4.15 Delivery of Executed Copies

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

[signature page follows]

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

●**FAIR HYDRO TRUST**, by ~~● **TRUST COMPANY OF CANADA**, as Issuer Trustee~~

ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

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

By: _____
Name:
Title:

By: _____
Name:
Title:

~~**[NTD: Detailed signing pages to be prepared.]**~~

SCHEDULE A

DEFINITIONS

"~~Code~~AEOI Legislation" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Excluded Taxes**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"FATCA" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Government of Canada Yield**" on any date means, in respect of the Series 2017-1 Senior Notes to be redeemed, the yield from the Series 2017-1 Redemption Date to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● **[par call date]** (calculated from the Series 2017-1 Redemption Date) of the Series 2017-1 Senior Notes, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer~~;~~.

"**Interest Payment Date**" has the meaning specified in Section 2.2(l) of this Supplemental Indenture.

"**Issuer Indemnified Person**" ~~is defined~~has the meaning specified in Section 2.7.

"Recipient" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Requisite Series 2017-1 Noteholders**" means Series 2017-1 Noteholders holding, in aggregate, at least **[50]**% of the Series 2017-1 Senior Notes then Outstanding.

"Series 2017-1 Canada Yield Price" means a price equal to the price of the Series 2017-1 Senior Notes calculated to provide a yield to ● [**par call date**], compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2017-1 Redemption Date specified in the notice of redemption delivered pursuant to Section ● of the Trust Indenture, plus ●%~~;~~.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Redemption Date**" ~~"~~means a date fixed for redemption of the Series 2017-1 Senior Notes pursuant to Section ● of the Trust Indenture.

"**Series 2017-1 Senior Note**" means any one of the Series 2017-1 Senior Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

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

~~"**Taxes**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.~~

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

Document comparison by Workshare Compare on November-10-17 8:33:52 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Blackline Against\46490618_1.doc
Description	46490618_1
Document 2 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtemp1f34\Supplemental Indenture (Long Term Senior).doc
Description	Supplemental Indenture (Long Term Senior)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	139
Deletions	131
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	274

~~SENIOR~~SUBORDINATED SERIES [2017-1] SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF ●, 2017

AND PROVIDING FOR THE ISSUE OF
●% ~~SENIOR~~SUBORDINATED NOTES DUE ●, SERIES 2017-1
OF FAIR HYDRO TRUST

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2017-1 ~~SENIOR~~**SUBORDINATED** NOTES 2
2.1 Creation of Series 2017-1 ~~Senior~~**Subordinated** Notes 2
2.2 Principal Terms 2
2.3 Delivery 3
2.4 Payment of Interest ~~3~~**4**
2.5 Payment of Principal 4
2.6 [Redemption and Repurchase 4
2.7 Indemnification by the Issuer ~~4~~**5**
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2017-1 ~~Senior~~**Subordinated** Notes 6
2.10 Acceleration Events 7
[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.] 7

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 7
3.1 Representations and Warranties of the Issuer 7
3.2 Survival 7

ARTICLE 4 GENERAL 7
4.1 Acceptance of Trust 7
4.2 Confirmation of Trust Indenture 7
4.3 Indenture Trustee Not Bound to Act 8
4.4 Successor and Assigns 8
4.5 Specified Creditors 8
4.6 Waiver 8
4.7 Notice 8
4.8 No Waiver: Remedies 8
4.9 Entire Agreement 9
4.10 Governing Law and Attornment 9
4.11 Expenses 9
4.12 Further Assurances 9
4.13 Limitation of Liability of Issuer Trustee 9
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

TABLE OF CONTENTS
(continued)

Page

●% ~~SENIOR~~SUBORDINATED NOTES DUE ●, SERIES 2017-1

THIS ~~SENIOR~~SUBORDINATED NOTES SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2017, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the "**Indenture Trustee**").

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

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of ~~Senior~~**Subordinated** Notes designated as the ●% ~~Senior~~**Subordinated** Notes due ●, Series 2017-1 (the "**Series 2017-1 ~~Senior~~Subordinated Notes**");

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

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 ~~Senior~~**Subordinated** Notes,

amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 ~~Senior~~**Subordinated** Notes and not the ~~Senior~~**Subordinated** Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 ~~Senior~~**Subordinated** Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 ~~Senior~~**Subordinated** Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2017-1 ~~SENIOR~~SUBORDINATED NOTES

2.1 Creation of Series 2017-1 ~~Senior~~Subordinated Notes

There is hereby created a Series of ~~Senior~~**Subordinated** Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●% ~~Senior~~Subordinated Notes due ●, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 ~~Senior~~**Subordinated** Notes will:

(a) be designated as set out in Section 2.1;

(b) be ~~Senior~~**Subordinated** Notes and will not be subordinated to any other Class, Series or Tranche of **Notes other than all Senior** Notes;

(c) not be divided into Tranches;

(d) **[be unlimited in principal amount but initially][NTD: To be discussed]** will have an aggregate principal amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2017-1 ~~Senior~~**Subordinated** Notes may be increased after the date hereof without the consent of any holder of Series 2017-1 ~~Senior~~**Subordinated** Notes or any holder of any Notes of any other Class, Series or Tranche;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued in the form of a Global Note; **[NTD: To be confirmed.]**

(h) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(i) bear interest at a rate of ●% per annum;

(j) accrue interest from the later of: (i) ●, 2017 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Notes;

(k) have interest paid in equal semi-annual instalments **[(except the initial interest payment)]** on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing with the Payment Date occurring in the month of [**April/October**], 2018 in respect of the Series 2017-1 ~~Senior~~**Subordinated** Notes issued prior to such date;

(l) mature on, and have ● [**NTD: select a Payment Date]**, as their sole Principal Payment Date;

(m) have ● as their Principal Payment Default Date;

(n) have ● as their Principal Accumulation Date;

(o) have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Date	**Principal Accumulation Amount**
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Payment Date in the months of ●	$●
Principal Payment Date	$●

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

(q) **[be redeemable and subject to repurchase as provided in Section 2.6 below]**; and

(r) **[not be subject to defeasance and covenant defeasance as contemplated by Section ● of the Trust Indenture] [be subject to defeasance and covenant defeasance in accordance with Section ● of the Trust Indenture].**

2.3 Delivery

On the date of issuance of the Series 2017-1 ~~Senior~~**Subordinated** Notes, Series 2017-1 ~~Senior~~**Subordinated** Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2017-1 ~~Senior~~**Subordinated** Notes) will on each Interest Payment Date, make payment of such interest, less any taxes required by law to be deducted or withheld, by wire transfer to each holder of a Series 2017-1 ~~Senior~~**Subordinated** Note as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2017-1 ~~Senior~~**Subordinated** Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Due Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of holders of Series 2017-1 ~~Senior~~**Subordinated** Notes on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2017-1 ~~Senior~~**Subordinated** Notes to the extent of the sum represented thereby.

2.6 [Redemption and Repurchase

[NTD: Customary redemption/repurchase mechanics to be added to Trust Indenture as per OPG MTN indenture. Redemption below contemplates a par call]

(a) At its option, at any time prior to ● **[par call date]**, the Issuer may redeem the Series 2017-1 ~~Senior~~**Subordinated** Notes in whole or, from time to time, in part, on payment of a redemption price equal to the greater of (i) the Series 2017-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2017-1 Redemption Date. At any time on or after ● **[par call date]**, the Issuer may redeem the Series 2017-1 ~~Senior~~**Subordinated** Notes in whole or, from time to time, in part, on payment of a redemption price equal to par, together with accrued and unpaid interest to the Series 2017-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption. Less than all of the Series 2017-1 ~~Senior~~**Subordinated** Notes may be redeemed, if so redeemed, in accordance with Section ● of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2017-1 ~~Senior~~**Subordinated** Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Series 2017-1 ~~Senior~~**Subordinated** Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2017-1 ~~Senior~~**Subordinated** Notes may be purchased, if so purchased, for cancellation in accordance with Section ● of the Trust Indenture.

(c) The Series 2017-1 ~~Senior~~**Subordinated** Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2017-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section **[7.04]** or Section **[8.13]** of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment

of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

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

2.9 Conditions Precedent to Issuance of Series 2017-1 ~~Senior~~Subordinated Notes

On or prior to the initial issuance of Series 2017-1 ~~Senior~~**Subordinated** Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Series 2017-1 ~~Senior~~**Subordinated** Notes shall have been duly issued in accordance with the Trust Indenture and the Global Note representing the Series 2017-1 ~~Senior~~**Subordinated** Notes shall have been executed and delivered to the Depository (or as it may direct) for deposit into its [**Book-Based System**] for the benefit of the [**Beneficial Holders**] upon receipt by the Indenture Trustee of a [**Written Order**]. **[NTD: To be confirmed.]**

~~(d) The Series 2017-1 Senior Notes will have been rated **[AAA(sp)]** by DBRS and **[Aaa(sp)]** by Moody's.~~

2.10 Acceleration Events

[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.]

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2017-1 Noteholder that:

(a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

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

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

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

4.2 Confirmation of Trust Indenture

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

4.3 Indenture Trustee Not Bound to Act

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

4.4 Successor and Assigns

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

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2017-1 Noteholders) hereby acknowledges and agrees that the Series 2017-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.11]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any

such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

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

4.10 Governing Law and Attornment

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

4.11 Expenses

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

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust

activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 ~~Senior~~**Subordinated** Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

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

4.15 Delivery of Executed Copies

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

[signature page follows]

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

FAIR HYDRO TRUST, by

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**AEOI Legislation**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Excluded Taxes**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Government of Canada Yield**" on any date means, in respect of the Series 2017-1 ~~Senior~~**Subordinated** Notes to be redeemed, the yield from the Series 2017-1 Redemption Date to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● **[par call date]** (calculated from the Series 2017-1 Redemption Date) of the Series 2017-1 ~~Senior~~**Subordinated** Notes, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

"**Interest Payment Date**" has the meaning specified in Section 2.2(l) of this Supplemental Indenture.

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

"**Recipient**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Requisite Series 2017-1 Noteholders**" means Series 2017-1 Noteholders holding, in aggregate, at least **[50]**% of the Series 2017-1 ~~Senior~~**Subordinated** Notes then Outstanding.

"Series 2017-1 Canada Yield Price" means a price equal to the price of the Series 2017-1 ~~Senior~~**Subordinated** Notes calculated to provide a yield to ● [**par call date**], compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2017-1 Redemption Date specified in the notice of redemption delivered pursuant to Section ● of the Trust Indenture, plus ●%.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 ~~Senior~~**Subordinated** Note is registered in the Note Register.

"**Series 2017-1 Redemption Date**" means a date fixed for redemption of the Series 2017-1 ~~Senior~~**Subordinated** Notes pursuant to Section ● of the Trust Indenture.

"**Series 2017-1 ~~Senior~~Subordinated Note**" means any one of the Series 2017-1 ~~Senior~~**Subordinated** Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

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

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 ~~SENIOR~~SUBORDINATED NOTE

●

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Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Blackline to\Supplemental Indenture (Long Term Senior).doc
Description	Supplemental Indenture (Long Term Senior)
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Blackline to\Supplemental Indenture (Long Term Subordinated).doc
Description	Supplemental Indenture (Long Term Subordinated)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	70
Deletions	74
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	144

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

●
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Senior Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchasers 3
3.2 Delivery 4
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount 4
3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination 8
3.5 Increases and Reductions of the Commitments 8
3.6 Interest; Fees and Other Amounts 9
3.7 **Accumulation and** Repayment of Principal 9
3.8 Indemnification by the Issuer 10
3.9 Funding Agents 10
3.10 Taxes 11
3.11 Increased Costs 12

ARTICLE 4 CONDITIONS PRECEDENT 13
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes 13
4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes 15

ARTICLE 5 REPRESENTATIONS AND WARRANTIES ~~15~~**16**
5.1 Representations and Warranties of the Issuer ~~15~~**16**
5.2 Representations and Warranties of the Purchasers 16
5.3 Survival 16

ARTICLE 6 COVENANTS 17
6.1 Covenants of the Issuer 17

ARTICLE 7 AGENTS 17
7.1 Administrative Agent 17
7.2 Funding Agents 20

ARTICLE 8 GENERAL 22
8.1 Successor and Assigns 22
8.2 Waiver 25

TABLE OF CONTENTS
(continued)

Page

8.3 Notice 25
8.4 No Waiver: Remedies 25
8.5 Entire Agreement 25
8.6 Governing Law and Attornment 26
8.7 Acknowledgment of Trust Indenture and No Proceedings 26
8.8 Expenses 26
8.9 Further Assurances 26
8.10 Confidentiality 27
8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions 28
8.12 Limitation of Liability of Issuer Trustee 28
8.13 Execution in Counterparts 29
8.14 Delivery of Executed Copies 29

FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions

of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Classes or Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;

(k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(l) will have each Payment Date as an Interest Payment Date;

(m) will have a Principal Payment Due Date that is the Series 2017-1 Principal Payment Due Date;

(n) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default Date; and

(o) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any

unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to [**December 15, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount

equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3:00 p.m.]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to ~~$[~~1,000,000~~]~~ or more, or (B) if less than ~~$[1,000,000],~~**1,000,000,** the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase

Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer

pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date. ~~[NTD: the definition of "Non-Deferrable Draw Amount" includes a percentage (currently [10]%) that represents the amount that cannot be deferred by the dealers. OPG should make a proposal as to this percentage.]~~

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) in the following order of priority:

(i) As to an amount equal to ●% of the amounts paid to pursuant to Sections 3.3(d) and 3.3(f), by deposit to the Program Cash Reserve Account; **[NTD: OPG would like to understand what this account is needed for]** and

(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $~~[~~10,000,000~~]~~ or a whole multiple of $~~[~~1,000,000~~]~~ in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.08(a)(i) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Notes pursuant to Sections 7.04(e)(iii) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Notes:

(i) for each Payment Date before the Principal Accumulation Date, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; and

(ii) for each Payment Date on or after the Principal Accumulation Date, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Notes. On each Principal Payment Date in respect of the Series 2017-1 Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections **7.04(e)(iv)(A), 7.06(a) or 8.13(d)** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer indemnified person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04] or [8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other

Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Person's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Person of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Person or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Person, or credit extended by an Affected Person pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Person of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Person's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Person under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) of a written request therefore to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than ~~one year~~**ninety (90) days** prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

(b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter, this Supplemental Indenture~~, the Manager Indemnity~~ and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;

(v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administration Agent and the Funding Agents;

(viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(ix) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(d) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full ~~[~~(or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made)~~]. [**NTD**: to be discussed]~~.

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed; and

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than ~~[49]~~**twenty-five percent (25)**% of the aggregate outstanding principal amount of all Issuer Funding Obligations. **[NTD: OPG has discussed with Dealers.]**

(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders**, such consent not to be unreasonably withheld or delayed**.

(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

[NTD: OPG understands that there will be another covenant that following Principal Payment Due Date proceeds of any financings must be applied to repay these notes in priority to any other use of funds.]

ARTICLE 7
AGENTS

7.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and

statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the

Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

7.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or

such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any

such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 8.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if

impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to

the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Asset.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent, the Issuer or the Administrator; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or an Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

8.2 Waiver

Without limiting the requirements of Section **[11.02]** of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article **[15]** of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

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8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.06]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers;

and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental

Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

8.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that ~~●~~**Computershare** Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.13 Execution in Counterparts

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

8.14 Delivery of Executed Copies

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

[signature page follows]

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

[FAIR HYDRO TRUST], as Issuer

ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:
Name:
Title:

By:
Name:
Title:

● **TRUST COMPANY OF CANADA**, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

●,

By:
Name:
Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means the outstanding Dollar Principal Amount of all Funding Obligations of the Series 2017-1 Senior Notes have been declared or automatically become due and payable **[pursuant to Section [8.02] of the Trust Indenture~~-~~]. [NTD: Consider if it is worth having a separate definition of Acceleration Event for this Series aside from what happens under 8.02 of the Trust Indenture.]**

"**Administrative Agent**" shall have the meaning specified in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (~~e~~**d**) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

"**Billing Period**" has the meaning specified in the Master Transfer and Servicing Agreement; **[NTD: Consider if this can be replaced with Interest Period wherever it occurs.]**

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Code**" is defined in Section 3.10(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an

Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having short-term debt ratings of at least "A-1" from Standard & Poor's and "P-1" from Moody's.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" shall have the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Fee Letter**" means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 8.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

"**Issuer indemnified person**" is defined in Section 3.8.

"**Issuer indemnified person**" is defined in Section 3.8

~~"**Manager Indemnity**" means an indemnity agreement from the Manager in favour of the Purchaser Groups, the Funding Agents and the Administrative Agent with respect to losses resulting from the failure of the Issuer to perform its obligations under the Program Agreements other than losses resulting from insufficient funds being transferred to the Issuer, in form and substance satisfactory to the Purchaser Groups, the Funding Agents and the Administrative Agent.~~

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section

3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 8.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) ~~[10]% of the Maximum Purchaser Group Principal Amount with respect to~~**the product of (i) $100,000,000 and (ii) the Commitment Percentage of** such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date. [**NTD:** ~~**The percentage in (a)(x) above is intended to represent the non-deferrable amount**~~**OPG would like an aggregate Non-Deferrable Draw Amount of $100 million at all times.**]

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its "prime rate."

"**Principal Accumulation Amount**" means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) $●, and (y) the Series 2017-1 Principal Amount.

"**Principal Accumulation Date**" means the Payment Date occurring in the month of ●, [2021].

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 8.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ●, as such date may be extended in accordance with Section 3.5(c). [**NTD: two years out.]**

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Principal Payment Due Date**" means ●. [**NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?**]

"**Series 2017-1 Principal Payment Default Date**" means ●. [**NTD: the "cure period" number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]**

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(c).

"**Transferee**" is defined in Section 8.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

-

Document comparison by Workshare Compare on November-10-17 8:35:25 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Blackline Against\Warehouse Supplement - Nov 6, 2017 (Osler).docx
Description	Warehouse Supplement - Nov 6, 2017 (Osler)
Document 2 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtemp47c4\Supplemental Indenture (Short Term Senior).docx
Description	Supplemental Indenture (Short Term Senior)
Rendering set	Firm_Standard

Legend:	
Insertion	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	39
Deletions	57
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	98

~~SENIOR~~SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

~~●~~
~~as Administrative Agent~~

~~and~~

~~CERTAIN CP CONDUIT PURCHASERS,~~
~~CERTAIN NON-CONDUIT PURCHASERS~~
~~CERTAIN FUNDING AGENTS~~
~~and CERTAIN GROUP BANKS~~

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 ~~Senior~~**Subordinated** Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the ~~Purchasers~~**Purchaser** 3
3.2 Delivery ~~4~~**3**
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 **Subordinated** Principal Amount ~~4~~**3**
3.4 Procedure for Decreasing the Series 2017-1 **Subordinated** Principal Amount~~; Optional Termination~~ ~~8~~ **4**
3.5 Increases and Reductions of the ~~Commitments~~**2017-1 Maximum Subordinated Principal A**
3.6 Interest; ~~Fees and~~ Other Amounts ~~9~~**5**
3.7 Accumulation and Repayment of Principal ~~9~~**5**
3.8 Indemnification by the Issuer ~~10~~**6**
3.9 ~~Funding Agents~~ ~~10~~
~~3.10~~ Taxes ~~11~~**6**
~~3.11~~**3.10** Increased Costs ~~12~~**8**
3.11 Acceleration Events **9**

ARTICLE 4 CONDITIONS PRECEDENT ~~13~~**9**
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 ~~Senior~~**Subordinated** Notes ~~13~~**9**
4.2 Conditions Precedent to each Increase under Series 2017-1 ~~Senior~~**Subordinated** Notes ~~15~~**11**

ARTICLE 5 REPRESENTATIONS AND WARRANTIES ~~16~~**11**
5.1 Representations and Warranties of the Issuer ~~16~~**11**
5.2 Representations and Warranties of the ~~Purchasers~~ ~~16~~**Purchaser 12**
5.3 Survival ~~16~~**12**

ARTICLE 6 COVENANTS ~~17~~**12**
6.1 Covenants of the Issuer ~~17~~**12**

ARTICLE 7 ~~AGENTS~~ ~~17~~
~~7.1 Administrative Agent~~ ~~17~~
~~7.2 Funding Agents~~ ~~20~~

TABLE OF CONTENTS
(continued)

Page

~~ARTICLE 8~~ GENERAL ..... ~~22~~13
~~8.1~~7.1 Successor and Assigns ..... ~~22~~13
~~8.2~~7.2 Waiver ..... ~~25~~13
~~8.3~~7.3 Notice ..... ~~25~~13
~~8.4~~7.4 No Waiver: Remedies ..... ~~25~~14
~~8.5~~7.5 Entire Agreement ..... ~~25~~14
~~8.6~~7.6 Governing Law and Attornment ..... ~~26~~14
~~8.7~~7.7 Acknowledgment of Trust Indenture and No Proceedings ..... ~~26~~14
~~8.8~~7.8 Expenses ..... ~~26~~14
~~8.9~~7.9 Further Assurances ..... ~~26~~15
~~8.10~~7.10 Confidentiality ~~27~~15
~~8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions ..... 28~~
~~8.12~~7.11 Limitation of Liability of Issuer Trustee ~~28~~16
~~8.13~~7.12 Execution in Counterparts ~~29~~16
~~8.14~~7.13 Delivery of Executed Copies ~~29~~17

FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 ~~SENIOR~~SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ~~●~~and Ontario Power Generation Inc., in its capacity as the ~~administrative agent for the~~ purchaser (the "**Purchaser** ~~Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.~~");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ■, in its capacity as the administrative agent for certain purchaser groups (the "Administrative Agent"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "Senior Series 2017-1 Supplemental Indenture"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "Series 2017-1 Senior Notes");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 ~~Senior~~**Subordinated** Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 ~~Senior~~**Subordinated** Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 ~~Senior~~**Subordinated** Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 ~~Senior~~**Subordinated** Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 ~~Senior~~**Subordinated** Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 ~~Senior~~Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding ~~Senior~~Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 ~~Senior~~**Subordinated** Notes:

(a) will be designated as set out in Section 2.1;

(b) will be ~~Senior~~**Subordinated** Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum **Subordinated** Principal Amount;

(d) will not be issued in Classes or Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial **Subordinated** Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be ~~Senior~~**Subordinated** Notes and will not be subordinated to any other Series, Class or Tranche of Notes **other than all Senior Notes**;

(k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(l) will have each Payment Date as an Interest Payment Date;

(m) will have a Principal Payment ~~Due~~ Date that is the Series 2017-1 **Senior** Principal Payment ~~Due~~ Date;

(n) will have a Principal Payment Default Date that is the Series 2017-1 **Subordinated** Principal Payment Default Date; and

(o) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the ~~Purchasers~~Purchaser

(a) ***Initial ~~Purchases~~Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, ~~(i) each Non-Conduit~~**the** Purchaser shall ~~purchase, and each CP Conduit Purchaser may, in its sole discretion,~~ purchase a Series 2017-1 ~~Senior~~**Subordinated** Note in an amount equal to ~~all or a portion of its Commitment Percentage of~~ the Series 2017-1 Initial **Subordinated** Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**~~, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with~~

~~the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers,~~ **Payments by the Purchaser for such purchase** shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(~~d~~**c**).

(b) ***Series 2017-1 Maximum ~~Purchaser Group~~Subordinated Principal ~~Amounts~~Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall ~~a~~**the** Purchaser ~~Group~~ be required to ~~make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time~~**purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount**.

3.2 Delivery

(a) On the Closing Date ~~(or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture)~~, Series 2017-1 ~~Senior~~**Subordinated** Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture ~~(i)~~ in the ~~case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser~~**name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount**.

(b) The ~~Administrative Agent~~**Purchaser** shall maintain a record of the actual ~~Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual~~ Series 2017-1 **Subordinated** Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding ~~Purchaser Group Principal Amounts and outstanding~~ Series 2017-1 **Subordinated** Principal Amount from time to time. ~~Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.~~

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to [**December 15, 2017**], ~~in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit~~**concurrent with the initial purchase of** the Series 2017-1 Senior Notes **under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the**

Purchaser ~~hereby agrees, that it will~~**shall** purchase**,** a Series 2017-1 ~~Senior~~**Subordinated** Note for an initial purchase price equal to the ~~Commitment Percentage with respect to such Purchaser Group of the~~ Series 2017-1 Initial **Subordinated** Principal Amount ~~upon the request of the Issuer~~ (the date on which the initial purchase occurs being referred to as the "**Closing Date**")~~; provided, however, that the Issuer shall have given the Administrative Agent~~ **by giving the Purchaser** (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 ~~Senior~~**Subordinated** Notes shall **(x)** state ~~(x)~~ the Closing Date, ~~and~~ (y) **state** the ~~initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "~~Series 2017-1 Initial **Subordinated** Principal Amount~~"); and (ii) subject to Section 3.3(e),~~**, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section [3.3(a)] of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii)** on any Business Day ~~during the period from~~**after** the initial purchase of the Series 2017-1 ~~Senior~~**Subordinated** Notes hereunder ~~to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group~~**, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated** Principal Amount ~~with respect to such Purchaser Group~~ may be increased by an amount ~~equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer~~**not to exceed the product of (i) the Series 2017-1 Senior Increase on such Business Day** (each date on which an increase in the Series 2017-1 **Subordinated** Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase)~~; provided, however, that the Issuer shall have given the Administrative Agent~~ **and (ii) [ninety-eight] percent [(98)]% (an "Increase") by the Issuer providing the Purchaser** (with a copy to the Indenture Trustee) irrevocable ~~(other than as specified in Section 3.3(e))~~ written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3:00 p.m.]** (Toronto time) on ~~(A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice,~~ the second Business Day prior to such Increase Date. Each Increase Notice shall **(w)** state **the Increase Date,** (x) **state** the ~~Increase Date, (y) the proposed~~ amount of the increase in the Series 2017-1 **Subordinated** Principal Amount (an "**Increase Amount**"), (~~z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and~~**y) state** whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**").~~ The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.~~**, and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section [3.3(a)] of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.**

(b) ~~If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank~~

~~with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.~~**The Purchaser shall not** be required to increase **the Series 2017-1 Subordinated** Principal Amount on any Increase Date hereunder unless **after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount is not exceeded.**

~~(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:~~

~~(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and~~

~~(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;~~

~~(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the~~

Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser

~~Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.~~

~~(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).~~

(c) ~~(h)~~ The Issuer shall apply amounts paid to it pursuant to ~~Sections~~**Section** 3.3(~~d) and 3.3(f~~**a**) in the following order of priority:

(i) **[As to an amount equal to ●% of the amounts paid to pursuant to ~~Sections~~Section 3.3(~~d) and 3.3(f~~a), by deposit to the Program Cash Reserve Account; and] [NTD: ~~OPG would like to understand what~~Discuss how this account is ~~needed for~~] ~~and~~to be funded.]**

(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount~~; Optional Termination~~

(a) ~~In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group~~**On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount** may be decreased ~~on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount~~**by an amount not to exceed the product of (i) the Series 2017-1 Senior Decrease on such Business Day, and (ii) [ninety-eight] percent [(98)]%** (a "**Decrease**")~~, upon~~

~~the request of the Issuer. .~~ . Each Payment Date on which a Decrease in the Series 2017-1 **Subordinated** Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; ~~provided, however, that~~**and** the Issuer shall ~~have given~~**provide to** the ~~Administrative Agent~~**Purchaser** (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall ~~state~~ (x) **state** the Decrease Date, ~~and~~ (y) **state** the ~~proposed~~ amount of the decrease in the Series 2017-1 **Subordinated** Principal Amount (a "**Decrease Amount**")**, and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section [3.4] of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder**.

~~(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.~~

~~(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.~~

3.5 Increases and Reductions of the ~~Commitments~~**2017-1 Maximum Subordinated Principal Amount**

(a) ~~The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.~~**If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section [3.5(a)] of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Subordinated Maximum Principal Amount shall be automatically increased by an amount equal to [ninety-eight] percent [(98)]% of such aggregate increase to the Maximum Purchaser Group Principal Amounts pursuant to Section [3.5(a)] of the Senior Series 2017-1 Supplemental Indenture. [NTD: Consider whether in senior warehouse supplemental if section 5.01 CPs must be met and new note issued. We are missing mechanic if so.]**

(b) ~~On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be~~

~~permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.~~**If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section [3.5(b)] of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased by an amount equal to [ninety-eight] percent [(98)]% of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section [3.5(b)] of the Senior Series 2017-1 Supplemental Indenture. [NTD: Consider if new note to be issued. We are missing mechanic if so.]**

~~(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.~~

3.6 Interest; ~~Fees and~~ Other Amounts

(a) Interest shall be payable on the Series 2017-1 ~~Senior~~**Subordinated** Notes on each Payment Date.

(b) The~~ Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date. (c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit~~ Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the ~~Group~~ Monthly Interest and the ~~Group~~ Monthly ~~Fees and~~ Other Amounts with respect ~~to its Related Purchaser Group with respect~~ to the Payment Date.

(c) ~~(d)~~ The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (~~Senior~~**Subordinated**) for the purposes of Section **[7.04(e)(~~iii~~ix)]** of the Trust Indenture and shall be payable pursuant to Sections **[7.05(~~a~~b), 7.08(a)(~~i~~ii) or 8.13(c)]** of the Trust Indenture, as applicable. On each Payment Date, the Monthly ~~Fees and~~ Other Amounts shall be payable in respect of the Series 2017-1 **Subordinated** Notes pursuant to Sections **[7.04(e)(~~iii~~ix) or 8.13(~~e~~h)]** of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to ~~each CP Conduit~~**the** Purchaser ~~Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and~~**the Monthly** Other Amounts with respect to the Payment Date~~; provided that if the amounts available to pay~~

~~such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group~~.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 **Subordinated** Notes:

(i) for each Payment Date before the Principal Accumulation Date **or an Acceleration Event**, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; ~~and~~

(ii) for each Payment Date on or after the Principal Accumulation Date **prior to the occurrence of an Acceleration Event**, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date**; and**

(iii) for each Payment Date following the occurrence of an Acceleration Event, the Principal Accumulation Amount shall be the Series 2017-1 Subordinated Principal Amount.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 **Subordinated** Notes. On each Principal Payment Date in respect of the Series 2017-1 **Subordinated** Notes, the Paying Agent shall pay to ~~each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of~~**the Purchaser** the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 ~~Senior~~**Subordinated** Notes pursuant to Sections **[7.04(e)(~~iv~~)(~~A~~x), 7.06(~~a~~b) or 8.13(~~d~~i)]** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 **Subordinated** Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee~~, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit~~ **and the** Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer ~~indemnified person~~Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer ~~indemnified person~~**Indemnified Person** by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely

from funds available pursuant to Section **[7.04] or [8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

~~**3.9 Funding Agents**~~

~~(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.~~

~~(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.~~

3.9 ~~3.10~~ Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable

hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the ~~Group~~ Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section ~~3.10~~**3.9**(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 ~~3.11~~ Increased Costs

(a) (i) If any Regulatory Change (x) subjects ~~any Affected Party~~**the Purchaser** to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or ~~an Affected Person~~**the Purchaser**'s obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to ~~any Affected Person~~**the Purchaser** of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of ~~an Affected Person~~**the Purchaser** or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of ~~an Affected Person~~**the Purchaser**, or credit extended by ~~an Affected Person~~**the Purchaser** pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to ~~an Affected Person~~**the Purchaser** of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on ~~an Affected Person~~**the Purchaser**'s capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by ~~an Affected Person~~**the Purchaser** under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by ~~such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser~~

~~or Group Bank)~~**the Purchaser** of a written request therefore to the Issuer, ~~such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank)~~**the Purchaser** shall be entitled to be paid, such amounts charged to ~~such Affected Party~~**the Purchaser** or such amounts to otherwise compensate ~~such Affected~~**the Purchaser** for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section ~~3.11~~**3.10**(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that ~~any Affected Party~~**the Purchaser** may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on ~~such Affected Party~~**the Purchaser**'s interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section ~~3.11~~**3.10**(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the ~~related Funding Agent, for the benefit of Affected Party~~**Purchaser**, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the ~~Affected Party~~**Purchaser** shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) ~~an Affected Party~~**the Purchaser** shall not be compensated for any such amount pursuant to this subsection ~~3.11~~**3.10**(a)(ii) relating to any period ending, and of which ~~such Affected Party~~**the Purchaser** has had knowledge, more than ninety (90) days prior to the date that ~~such Affected Party~~**the Purchaser** provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection ~~3.11~~**3.10**(a)(ii), (III) if, after the payment by the ~~Trust~~**Issuer** of any charges or compensation pursuant to this subsection ~~3.11~~**3.10**(a)(ii), either (A) the Issuer requests in writing that the ~~applicable Affected Party~~**Purchaser** re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the ~~applicable Affected Party~~**the Purchaser** determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection ~~3.11~~**3.10**(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) ~~such Affected Party~~**the Purchaser** shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection ~~3.11~~**3.10**(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by ~~such Affected Party~~**the Purchaser**.

(b) ~~Each Affected Party~~**The Purchaser** claiming increased amounts described in subsection ~~3.11~~**3.10**(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by ~~such Affected Party~~**the Purchaser** for any such increased amounts referred to in subsection ~~3.11~~**3.10**(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of ~~any Affected Party~~**the Purchaser** to demand compensation for any amount pursuant to subsection ~~3.11~~**3.10**(a) hereof with respect to

any period shall not constitute a waiver of ~~such Affected Party~~**the Purchaser**'s right to demand compensation with respect to such period.

3.11 Acceleration Events

[NTD: To be conformed with Senior Supplemental Indenture.]

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 ~~Senior~~Subordinated Notes

On or prior to the initial purchase of Series 2017-1 ~~Senior~~**Subordinated** Notes hereunder, the following conditions precedent shall be satisfied:

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

(b) The ~~Administrative Agent and each of the Funding Agents~~**Purchaser** shall have received:

(i) executed copies of ~~the Fee Letter,~~ this Supplemental Indenture and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;

(v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates ~~the Administrative Agent and~~ the Purchaser ~~Groups~~ shall be entitled to conclusively rely until such time as the ~~Administrative Agent and the Funding Agents receive~~**Purchaser receives** a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the ~~Administrative Agent and the Funding Agents~~**Purchaser**;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the ~~Administrative Agent and the Funding Agents~~**Purchaser**;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement **and the Change of Law Process Agreement** in form and substance satisfactory to the ~~Administration Agent and the Funding Agents~~**Purchaser**;

(viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(ix) such additional documents, instruments, certificates or letters as the ~~Administrative Agent or any Funding Agent~~**Purchaser** may reasonably request.

(c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(d) The Series 2017-1 ~~Senior~~**Subordinated** Notes shall have been duly issued in accordance with the Trust Indenture and ~~each Funding Agent and Non-Conduit~~**the** Purchaser shall have received its Series 2017-1 ~~Senior~~**Subordinated** Note registered in its name or a nominee in a face amount equal to ~~its~~**the Series 2017-1** Maximum ~~Purchaser Group~~ Principal **Subordinated** Amount.

(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.

~~(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).~~

~~(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.~~

4.2 Conditions Precedent to each Increase under Series 2017-1 ~~Senior~~Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the ~~Administrative Agent~~**Purchaser** shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase; **and**

~~(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;~~

(c) ~~(d)~~ if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed~~; and (e) after giving effect to the Increase, the Rating Agency Condition will be satisfied~~.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the ~~Administrative Agent and the~~ Purchaser ~~Groups~~ as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the ~~Administrative Agent and the~~ Purchaser ~~Groups~~ as of the Closing Date, and shall be deemed to represent and warrant to ~~the Administrative Agent and~~ the Purchaser ~~Groups~~ on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the ~~Administrative Agent and the~~ Purchaser ~~Groups~~ by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the ~~Purchasers~~Each Purchaser ~~Group member~~

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 ~~Senior~~**Subordinated** Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the ~~Administrative Agent, each Funding Agent and each Non-Conduit~~ Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement**; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager**.

(b) The Issuer shall provide to the ~~Administrative Agent, each Funding Agent and each Non-Conduit~~ Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the ~~Administrative Agent, a Funding Agent or a Non-Conduit~~ Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the ~~Administrative Agent, each Funding Agent and each Non-Conduit~~ Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect**; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager**.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not ~~less~~**more** than ~~twenty-five~~**forty-nine** percent (~~25~~**49**)% of the aggregate outstanding principal amount of all Issuer Funding Obligations~~. [NTD: OPG has discussed with Dealers.]~~ **(excluding Derivative Funding Obligations).**

~~(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders, such consent not to be unreasonably withheld or delayed.~~

~~(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.~~

~~(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.~~

~~**[NTD: OPG understands that there will be another covenant that following Principal Payment Due Date proceeds of any financings must be applied to repay these notes in priority to any other use of funds.]**~~

ARTICLE 7
~~AGENTS~~

~~7.1 Administrative Agent~~

~~(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.~~

~~(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.~~

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own

decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

7.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be

~~indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.~~

~~(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.~~

~~(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.~~

~~(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall~~

~~survive the payment of all amounts payable hereunder.~~ **~~ARTICLE 8~~**
GENERAL

7.1 **~~8.1~~ Successor and Assigns**

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns~~,~~ except that (i) the Issuer may not assign or transfer any of its rights **or obligations** under this Supplemental Indenture without the prior written consent of ~~all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1; and (iv) no Group Bank may~~**the Purchaser; and (ii) the Purchaser may, without the prior written consent of the Issuer,** assign or transfer any of its rights or obligations under this Supplemental Indenture ~~except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 8.1.~~ **in the ordinary course of its business and in accordance with applicable law to another Person (each, a "Transferee") pursuant to a transfer supplement, substantially in the form of Exhibit ■ (the "Transfer Supplement").**

~~(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.~~

~~(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.~~

~~(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.~~

~~(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.~~

~~(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.~~

(b) ~~(g)~~ The Issuer authorizes ~~each Group Bank and Non-Conduit~~**the** Purchaser to disclose to any ~~Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**")~~**Transferee** and any prospective Transferee any and all financial information in ~~such Group Bank's or Non-Conduit~~**the** Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to ~~such Group Bank~~**the Purchaser** by the Issuer or the Manager ~~in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Asset~~.

(c) ~~(h)~~ Notwithstanding any other provision of this Supplemental Indenture to the contrary, ~~any Non-Conduit~~**the** Purchaser~~, any Group Bank or any Program Support Provider~~ may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 ~~Senior~~**Subordinated** Note and this Supplemental Indenture to secure obligations of ~~such Non-Conduit~~**the** Purchaser~~, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada~~ **to any Person**, without notice to or consent of the ~~Administrative Agent, the~~ Issuer ~~or the Administrator~~; provided that no such pledge or grant of a security interest shall release ~~a Non-Conduit~~**the** Purchaser ~~or an Group Bank~~ from any of its obligations hereunder or substitute any such pledgee or grantee for ~~such Non-Conduit~~**the** Purchaser ~~or such Group Bank~~ as a party hereto.

7.2 ~~8.2~~ Waiver

Without limiting the requirements of Section **[11.02]** of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental

Indenture will be effective (in whole or in part) unless in writing and signed by the ~~Requisite Series 2017-1 Noteholders~~**Purchaser**. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the ~~Requisite Series 2017-1 Noteholders~~**Purchaser**.

7.3 ~~8.3~~ Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article **[15]** of the Trust Indenture; and (b) in the case of the ~~Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents~~**Purchaser**, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows~~ in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents~~; or to such other address as may be hereafter notified by the respective parties hereto:

~~Administrative Agent:~~**Purchaser:**

●

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

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

7.4 ~~8.4~~ No Waiver: Remedies

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

7.5 ~~8.5~~ Entire Agreement

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

7.6 ~~8.6~~ Governing Law and Attornment

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

7.7 ~~8.7~~ Acknowledgment of Trust Indenture and No Proceedings

The ~~Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby~~**Purchaser** acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.06]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

7.8 ~~8.8~~ Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee~~, the Administrative Agent~~ and the Purchaser~~ Groups~~ all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for ~~the Administrative Agent and~~ the Purchaser~~ Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements~~**, with respect thereto**; (b) to the Indenture Trustee~~,~~ **and** the ~~Administrative Agent and each~~ Purchaser~~ Group~~**,** all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto~~, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers~~; and (c) to the Indenture Trustee~~, the Administrative Agent~~ and ~~each~~**the** Purchaser~~ Group~~, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the ~~Administrative Agent and each~~ Purchaser~~ Group~~), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

7.9 ~~8.9~~ Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

7.10 ~~8.10~~ Confidentiality

(a) ~~Each~~**The** Purchaser~~ Group and the Administrative Agent~~ covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other

Program Agreements shall be held in confidence except that the Purchaser ~~Groups or Administrative Agent~~ may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, ~~a~~**the** Purchaser ~~Group or the Administrative Agent, as applicable,~~ shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over ~~any~~**the** Purchaser ~~Group or the Administrative Agent~~; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by ~~a~~**the** Purchaser ~~Group or the Administrative Agent~~; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information ~~(provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser)~~; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to ~~a~~**the** Purchaser ~~Group or the Administrative Agent~~ on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser ~~Group or the Administrative Agent, as applicable,~~ bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by ~~a~~**the** Purchaser ~~Group or the Administrative Agent~~ without violating any of the Purchaser ~~Group's or the Administrative Agent~~'s obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture ~~(including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable~~**, except as the** Purchaser ~~Group~~ may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the ~~affected Administrative Agent or~~ Purchaser ~~Group~~ of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 ~~Senior~~**Subordinated** Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

~~**8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions**~~

~~Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:~~

~~(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and~~

~~(b) the effects of any Bail-in Action on any such liability, including, if applicable~~

~~(i) a reduction in full or in part or cancellation of any such liability;~~

~~(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or~~

~~(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.~~

7.11 ~~**8.12**~~ **Limitation of Liability of Issuer Trustee**

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section ~~8.12~~**7.11**, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this

Supplemental Indenture. Nothing contained in this Section ~~8.12~~**7.11** shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 ~~Senior~~**Subordinated** Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

7.12 ~~8.13~~ Execution in Counterparts

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

7.13 ~~8.14~~ Delivery of Executed Copies

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

[signature page follows]

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

~~[~~**FAIR HYDRO TRUST**~~]~~, as Issuer**, by**

ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

~~●~~**BNY TRUST COMPANY OF CANADA**, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

~~●,~~ **ONTARIO POWER GENERATION INC., as Purchaser**

By: _____
Name:
Title:

By: _____
Name:
Title:

~~**[NTD: Detailed signing pages to be prepared.]**~~

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means **the outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes** have been declared or automatically **become due and payable pursuant to Section [3.11] of the Senior Series 2017-1 Supplemental Indenture and** the outstanding Dollar Principal Amount of ~~all Funding Obligations of~~ the Series 2017-1 ~~Senior~~**Subordinated** Notes have been declared or automatically become due and payable ~~[~~pursuant to Section ~~**[8.02] of the Trust Indenture]. [NTD: Consider if it is worth having a separate definition of Acceleration Event for this Series aside from what happens under 8.02 of the Trust Indenture.]**~~**3.11.

"**Administrative Agent**" shall have the meaning specified in the ~~preamble~~**recitals** to this Supplemental Indenture.

"**AEOI Legislation**" has the meaning specified in Section ~~3.10~~**3.9**(a) of this Supplemental Indenture.

~~"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.~~

"**Applicable Margin**" ~~is defined in the Fee Letter~~**means ■**.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

~~"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.~~

~~"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.~~

~~"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).~~

~~"**Billing Period**" has the meaning specified in the Master Transfer and Servicing Agreement; **[NTD: Consider if this can be replaced with Interest Period wherever it occurs.]**~~

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Code**" is defined in Section ~~3.10~~**3.9**(a).

~~"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.~~

~~"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.~~

~~"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.~~

~~"**Commitment Fee**" is defined in Section 3.6(b).~~

~~"**Commitment Fee Rate**" is defined in the Fee Letter.~~

~~"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.~~

~~"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of~~

~~the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).~~

~~"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.~~

~~"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture~~

~~"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.~~

~~"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.~~

~~"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.~~

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

~~"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).~~

~~"**Delayed Amount**" is defined in Section 3.3(e).~~

~~"**Delayed Funding Date**" is defined in Section 3.3(e).~~

~~"**Delayed Funding Notice**" is defined in Section 3.3(e).~~

~~"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).~~

~~"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.~~

~~"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.~~

~~"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.~~

~~"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.~~

~~"**Eligible Assignee**" means a financial institution having short-term debt ratings of at least "A-1" from Standard & Poor's and "P-1" from Moody's.~~

~~"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.~~

"**Excluded Taxes**" shall have the meaning specified in Section ~~3.10~~**3.9**(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section ~~3.10~~**3.9**(a) of this Supplemental Indenture.

~~"**Fee Letter**" means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.~~

~~"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.~~

~~"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the~~

~~Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).~~

"~~**Group Bank Funded Amount**~~" ~~means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.~~

"~~**Group Bank Participants**~~" ~~is defined in Section 8.1(d).~~

"~~**Group Monthly Fees and Other Amounts**~~" ~~shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.~~

"~~**Group Monthly Interest**~~" ~~means, with respect to each Interest Period and:~~

~~(a)~~ ~~any CP Conduit Purchaser Group, the sum of:~~

~~(i)~~ ~~for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus~~

~~(ii)~~ ~~for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus~~

~~(iii)~~ ~~for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.~~

~~(b)~~ ~~any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.~~

~~For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group~~

~~Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.~~

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"Indenture Trustee" shall have the meaning specified in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

"**Issuer** ~~**indemnified person**~~**" shall have the meaning specified in the recitals to this Supplemental Indenture.**

"Issuer Indemnified Person" is defined in Section 3.8.

"**Issuer** ~~**indemnified person**" is defined in Section 3.8~~**Trustee" shall have the meaning specified in the recitals to this Supplemental Indenture.**

"**Maximum Purchaser Group Principal Amount**" ~~means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.~~**shall have the meaning specified in the Senior Series 2017-1 Supplemental Indenture.**

"**Monthly Interest**" shall mean, for any Payment Date, ~~the aggregate for all Purchaser Groups of~~ the sum of (~~a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b~~**A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365, and (B**) the Monthly Interest Shortfall ~~for such Payment Date for each Purchaser Group~~**; provided that, for** the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the **Purchaser** may estimate the interest for the remaining days in the Interest Period **and provided further, if** the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual

interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

~~"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.~~

"**Monthly Interest Shortfall**" means, for any Payment Date~~ and a Purchaser Group~~, if the amount **in clause (A)** of the ~~Group~~**definition of** Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(~~d~~**c**), an amount equal to the ~~Group~~**amount in clause (A) of the definition of** Monthly Interest owing to ~~such~~**the** Purchaser~~ Group~~ which ~~were~~**was** unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Monthly ~~Fees and~~Other Amounts" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser** hereunder including, without limitation, pursuant to Sections **3.8, 3.9, 3.10 and 7.8; plus (c) the Monthly** Other Amounts Shortfall for such **Payment Date.**

"Monthly Other Amounts Shortfall" means, for any Payment Date~~ and a Purchaser Group~~, if the amount of the Monthly~~ Fees and~~ Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(~~d~~**c**), an amount equal to the Monthly~~ Fees and~~ Other Amounts owing to ~~such~~**the** Purchaser~~ Group~~ which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

~~"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.~~

~~"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.~~

~~"**Non-Conduit Purchaser Participants**" is defined in Section 8.1(f).~~

~~"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such~~

~~Increase Date. [**NTD: OPG would like an aggregate Non-Deferrable Draw Amount of $100 million at all times.**]~~

~~"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).~~

~~"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).~~

~~"**Optional Termination Date**" is defined in Section 3.4.~~

~~"**Optional Termination Notice**" is defined in Section 3.4.~~

"**Prime Rate**" means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its "prime rate."

"**Principal Accumulation Amount**" means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) $●, and (y) the Series 2017~~-1~~**-1 Subordinated** Principal Amount.

"**Principal Accumulation Date**" means the Payment Date occurring in the month of ●, **[2021]**.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 **Subordinated** Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 **Subordinated** Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 **Subordinated** Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 **Subordinated** Principal Payment ~~Due~~ Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 **Subordinated** Principal Amount.

"~~**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.~~**Purchaser" shall have the meaning specified in the recitals to this Supplemental Indenture.**

~~"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.~~

~~"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.~~

~~"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.~~

~~"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.~~

~~"**Purchaser Group Supplement**" is defined in Section 8.1(e).~~

~~"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.~~

"**Recipient**" has the meaning specified in Section ~~3.10~~**3.9**(a) of this Supplemental Indenture.

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any

change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"~~**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.~~ **Senior Series 2017-1 Supplemental Indenture" shall have the meaning specified in the recitals to this Supplemental Indenture.**

"~~**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.~~**Series 2017-1 Initial Senior Principal Amount" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.**

"~~**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).~~**Series 2017-1 Initial Subordinated Principal Amount" means an amount equal to [ninety-eight percent (98%)] of the Series 2017-1 Initial Senior Principal Amount**

"~~**Scheduled Commitment Expiry Date**" means, ●, as such date may be extended in accordance with Section 3.5(c). [**NTD: two years out.**]~~

~~"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).~~

~~"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.~~

~~"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.~~

~~"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date~~**Series 2017-1 Maximum Senior Principal Amount" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.**

"Series 2017-1 Maximum Subordinated Principal Amount" means an amount equal to [ninety-eight percent (98%)] of the Series 2017-1 Maximum Senior Principal Amount.

"Series 2017-1 Senior Decrease" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"Series 2017-1 Senior Increase" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"Series 2017-1 Senior Notes" shall have the meaning specified in the recitals to this Supplemental Indenture.

"**Series 2017-1 Senior Principal Payment ~~Due~~ Date**" means ●■. **[NTD: the date upon which the Series 2017-1 Senior Notes become due and payable~~ – a date after May 1, 2021?~~.]**

"**Series 2017-1 ~~Principal Payment Default Date~~**" means ●. ~~[NTD: the "cure period" number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]~~"**~~Series 2017-1 Senior~~Subordinated Note**" means any one of the Floating Rate Variable Funding ~~Senior~~**Subordinated** Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"~~**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.~~**Series 2017-1 Subordinated Principal Amount" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv)** the amount of principal payments made to **the Purchaser pursuant to Section 3.7 on such date.**

"Series 2017-1 Subordinated Principal Payment Default Date" means ■. [NTD: likely later than the Series 2017-1 Senior Principal Payment Default Date.]

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

"**Support Facility**" shall mean any liquidity or credit support agreement with ~~a CP Conduit~~**the** Purchaser which relates to, or is otherwise available to ~~such CP Conduit~~**the** Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Termination Event**" means any **Acceleration** Event ~~of Default~~ or any event which with the giving of notice or the passage of time, or both, could become an **Acceleration** Event ~~of Default~~.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section ~~8.1~~**7.1**(~~c~~**a**).

"**Transferee**" is defined in Section ~~8.1~~**7.1**(~~g~~**b**).

"**Trust Indenture**" means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

~~"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.~~

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 ~~SENIOR~~SUBORDINATED NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

~~SCHEDULE E~~

~~PURCHASER GROUPS~~

Document comparison by Workshare Compare on November-10-17 8:18:02 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Blackline to\Supplemental Indenture (Short Term Senior).DOCX
Description	Supplemental Indenture (Short Term Senior)
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Blackline to\Supplemental Indenture (Short Term Subordinated).docx
Description	Supplemental Indenture (Short Term Subordinated)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	369
Deletions	558
Moved from	13
Moved to	13
Style change	0
Format changed	0
Total changes	953

From: Whitfield, Tobias P. (MOF)
To: Ronald Kwan
Cc: Malle Hanslep (MOF)
Subject: FW: Fair Hydro -- Revised Program Agreements
Date: Wednesday, December 20, 2017 9:40:43 AM
Attachments:
Fair Hydro -- Management Agreement.docx
Fair Hydro -- Declaration of Trust.docx
Fair Hydro -- Master Transfer and Servicing Agreement.docx
Fair Hydro - IESO Security Agreement.docx
Fair Hydro - OPG Indemnity Agreement.doc
Fair Hydro - IESO Acknowledgement and Indemnity Agreement.doc
Fair Hydro -- Change of Law Protection Agreement.docx
Fair Hydro -- Change of Law Process Agreement.docx
Blackline_Management Agreement.pdf
Blackline_Declaration of Trust.pdf
Blackline_Master Transfer and Servicing Agreement.pdf
Blackline_IESO Security Agreement.pdf
Blackline_OPG Indemnity.pdf
Blackline_IESO Acknowledgement and Indemnity.pdf
Blackline_Change of Law Protection Agreement.pdf
Blackline_Change of Law Process Agreement.pdf
#24471144v11_TorysAtWork_ - Master Trust Indenture (December 19).docx
Blackline_ Fair Hydro -- Master Trust Indenture - 24471144v11.pdf
#24592224v7_TorysAtWork_ - Junior Subordinated Warehouse Supplement - Fa....docx
Blackline_Junior Subordinated Warehouse Supplement (002) - 24592224v7.pdf
#24463900v11_TorysAtWork_ - Subordinated Warehouse Supplement - Fair Hyd....docx
Blackline_Subordinated Warehouse Supplement (002) - 24463900v11.pdf
Senior Warehouse Supplement (Osler) - Dec. 19, 2017.docx
Blackline Warehouse Supplement vs RA Draft of Nov 14.pdf

Ron, as requested.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 19, 2017 6:32 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture

10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
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DRAFT: DECEMBER 19, 2017

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December 20, 2017

TABLE OF CONTENTS

ARTICLE 1
INTERPRETATION 2
1.1 Definitions 2

ARTICLE 2
INTRODUCTORY PROVISIONS 5
2.1 Sections and Headings 5
2.2 Extended Meanings 5
2.3 References to Acts of the Issuer or the Issuer Trustee 5

ARTICLE 3
APPOINTMENT OF THE MANAGER 5
3.1 Appointment and Authority of the Manager 5

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER 6
4.1 Program Agreements 6
4.2 Issuer Investment Interest 10
4.3 Implementation Plan 11
4.4 Collection of Clean Energy Adjustments 12
4.5 Investment Interest Records 13
4.6 Payment of Other Issuer Fees and Expenses 14
4.7 Delegation 14
4.8 Annual Compliance Certificates 14
4.9 Acknowledgment of Duties as Financial Services Manager 14

ARTICLE 5
OTHER PROVISIONS RELATING
TO THE DUTIES AND COMPENSATION 15
5.1 Standard of Care 15
5.2 Compliance with Program Agreements; Conformity with Law 16
5.3 Liabilities 16
5.4 Compensation of the Manager 16
5.5 Compensation of the Issuer 17
5.6 Indemnification by Manager 17
5.7 Contracting with Itself and Affiliates 19

ARTICLE 6
REPRESENTATIONS AND WARRANTIES 19
6.1 Representations of the Issuer 19
6.2 Representations of the Manager 19

ARTICLE 7
TERMINATION AND RESIGNATION 20
7.1 Termination 20

ARTICLE 8
MISCELLANEOUS 20
8.1 Acknowledgement of Indenture 20
8.2 Appointment of Manager as Attorney-in-Fact 20
8.3 Amendments and Waivers 21
8.4 Withholding Rights 21
8.5 No Petition 22
8.6 Notice 22
8.7 Recourse to Issuer Trustee and the Issuer 23
8.8 Severability 23
8.9 Execution of Counterparts; Electronic Delivery 23
8.10 Governing Law 23
8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee 23

EXHIBIT

Exhibit A – Annual Compliance Certificate
Exhibit B – Monthly Portfolio Report

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December 20, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

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

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Change of Law Process Agreement**" means the change of law process agreement to be dated December ■, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998,* S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture to be dated December 21, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be dated December 21, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Monthly Servicer Report**" means the report delivered by the IESO under Section 3.5(a) of the Master Transfer and Servicing Agreement;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable

counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any

such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment or waiver of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied and the Manager will notify the Rating Agencies of any assignment, amendment or waiver of the Change of Law Process Agreement.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail

to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) review each Monthly Servicer Report and make commercially reasonable efforts to resolve any failures and discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors;

(ii) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) commencing May 1, 2021 and pursuant to its rights under Section 10(4) of the Regulations:

(A) the Manager shall review or caused to be reviewed, on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; and

(C) the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)(iii).

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager

is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "**Monthly Portfolio Report**").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services

Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate

counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such

termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a

legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the Manager (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Manager to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of

substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: corporatetrust.toronto@computershare.com
Attention: Manager, Corporate Trust

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

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

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled,

subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

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

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated as of December 20, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

MONTHLY REPORT

See attached.

DRAFT: DECEMBER 19, 2017

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December 20, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1

1.1 Definitions 1
1.2 Interpretation 5
1.3 Accounting Principles 6
1.4 References to Acts of the Trust 6

ARTICLE 2 THE TRUST 7

2.1 Purpose and Activities of the Trust 7
2.2 Limitation on Certain Activities 8
2.3 Name and Head Office 8
2.4 Nature of the Trust 8
2.5 Rights of Unitholders 9

ARTICLE 3 UNITS 9

3.1 Nature of Units 9
3.2 Consideration of Units 9
3.3 No Pre-Emptive Rights 10
3.4 Fractional Units 10
3.5 Allotment and Issue 10
3.6 Prohibited Issuances and Transfers 10
3.7 Liability of Unitholders 11

ARTICLE 4 REDEMPTION OF UNITS 12

4.1 Redemption of Units 12

ARTICLE 5 RIGHTS AND POWERS OF ISSUER TRUSTEE 13

5.1 General Rights and Powers 13
5.2 Acquisition of Assets and Deposit of Funds 14
5.3 Legal Title and Custody 14
5.4 Disposition of Trust Property 14
5.5 Management of Trust Property 14
5.6 Power to Borrow Money and Issue Funding Obligations 14
5.7 Derivative Agreements 15
5.8 Execution of Instruments 15
5.9 Facsimile Signatures 15
5.10 Taxes 16
5.11 Collection 16
5.12 Expenses and Compensation of Issuer Trustee 16
5.13 Allocation 17
5.14 Fiscal Year and Form of Accounts 17
5.15 Power to Contract 18
5.16 Indemnification 19

TABLE OF CONTENTS
(continued)

Page

5.17 Further Powers 19
5.18 Auditors 19
5.19 Defect in Appointment 19
5.20 Status 19

ARTICLE 6 REPLACEMENT OF ISSUER TRUSTEE 20

6.1 Resignation of Issuer Trustee 20
6.2 Removal of Issuer Trustee 20
6.3 Vacancy 20
6.4 Appointment of New Issuer Trustee 21
6.5 Merger, Consolidation and Amalgamation 21
6.6 Vesting in Successor Issuer Trustee 21
6.7 Confidentiality 21
6.8 Right to Disclose 22

ARTICLE 7 STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS 22

7.1 Standard of Care 22
7.2 Limitation of Liability of Issuer Trustee 22
7.3 Indemnification of the Issuer Trustee 23
7.4 Reliance upon Advice 23
7.5 Retain Experts 23
7.6 Reliance on Experts 24
7.7 Provisions Regarding Liability 24

ARTICLE 8 RECORDS 24

8.1 Records to be Kept 24
8.2 Segregation of Assets 24
8.3 Method of Keeping Records 24
8.4 Annual Financial Statements 25

ARTICLE 9 MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS 25

9.1 Annual Meeting 25
9.2 Other Meetings 25
9.3 Quorum and Voting 25
9.4 Written Resolution 25

ARTICLE 10 AMENDMENT 26

10.1 Amendment 26
10.2 Automatic Amendment 26
10.3 Supplemental Declaration of Trust 27

TABLE OF CONTENTS
(continued)

Page

ARTICLE 11 DISTRIBUTION OF TRUST PROPERTY 27

11.1 Distributions 27
11.2 Allocation 29
11.3 Payment of Distributions 29
11.4 Legal Rights 30
11.5 Income Tax Matters 30
11.6 Designations 30
11.7 Withholding Taxes 31

ARTICLE 12 TERMINATION OF THE TRUST 31

12.1 Termination 31

ARTICLE 13 GENERAL 32

13.1 Acknowledgement of Indenture 32
13.2 Irrevocability 32
13.3 Change of Office 32
13.4 Execution of Instruments 32
13.5 Manner of Giving Notice 32
13.6 Taxation Information 33
13.7 Severability 33
13.8 Governing Law 33
13.9 Language 33

THIS DECLARATION OF TRUST is made as of December 20, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

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

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

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

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

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

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof

which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

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

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

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

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

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

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

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

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as

referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

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

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is "Fair Hydro Trust" and the French form of the name of the Trust is "Fiducie pour des frais d'électricité équitables". The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the

Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received

by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a

Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by

or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power

or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of

the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental

to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related

thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000, in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject

to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the

purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day’s notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if: (i) it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole

discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(5) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(6) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(3) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders.

A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Acknowledgement of Indenture

The Issuer Trustee (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Trust and the Indenture Trustee to (X) add the Issuer Trustee (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Issuer Trustee to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

13.2 Irrevocability

The Trust shall be irrevocable.

13.3 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.4 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.5 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.6 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.7 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.8 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.9 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT: DECEMBER 19, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December 21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2
1.1 Definitions 2
1.2 Sections and Headings 8
1.3 Extended Meanings 8

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET 9
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 9
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 10

ARTICLE 3 ROLE OF THE SERVICER 12
3.1 Designation of Servicer 12
3.2 Forecasts and Other Information 12
3.3 Implementation Plan 12
3.4 Clean Energy Adjustments and Electricity Vendors 13
3.5 Reporting 15
3.6 Remittances 15
3.7 Reimbursement of Servicer 16
3.8 Limits to Obligations 16
3.9 Servicing and Maintenance Standards 17
3.10 Appointments 17
3.11 Term 17
3.12 Mergers 18
3.13 The IESO Not to Resign as Servicer 18
3.15 IESO Security for CEA Remittances 19

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO 20
4.1 Representations and Warranties 20
4.2 Survival 22

ARTICLE 5 COVENANTS OF THE IESO 22
5.1 Existence 22
5.2 No Transfer or Liens 23
5.3 Notice of Liens 23
5.4 Compliance with Law 23
5.5 Covenants Related to the Investment Interest 23
5.6 Non-petition Covenants 23
5.7 Disclosure 24
5.8 Further Assurances 24
5.9 Access to Certain Records and Information 24
5.10 Maintenance of Operations 24

ARTICLE 6 IESO INDEMNITIES 24
6.1 Liability of the IESO; Indemnities 25

TABLE OF CONTENTS
(continued)

Page

ARTICLE 7 SERVICER DEFAULT 27
7.1 Servicer Default 27
7.2 Appointment of Successor Servicer 28
7.3 Waiver of Past Defaults 29
7.4 Notice of Servicer Default 29
7.5 Cooperation with Successor Servicer 29
ARTICLE 8 MISCELLANEOUS 29
8.1 Acknowledgement of Indenture 29
8.2 Amendment 30
8.3 Withholding Rights 30
8.4 No Partnership 30
8.5 Notices 30
8.6 Assignment 31
8.7 Limitations on Rights of Third Parties 31
8.8 Severability 31
8.9 Separate Counterparts; Electronic Delivery 31
8.10 Governing Law 32
8.11 Grant of Security Interest to Indenture Trustee 32
8.12 Limitation of Liability of the Issuer Trustee 32
8.13 Waivers 33

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December 21, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

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

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total electricity consumption of Specified Consumers invoiced in such Billing Period;

(b) its total CEA Consumer Invoice Amounts in such Billing Period;

(c) its total Electricity Vendor CEA Collections during such Billing Period; and

(d) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

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

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

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December 21, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December 20, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);

(c) total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;

(d) total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;

(e) total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;

(f) the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;

(g) a summary of any matters referred to in Section 3.4(k) which have not been resolved and any explanation provided therefor by the Electricity Vendor; and

(h) such other information which otherwise may be agreed to by the Servicer;

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof), unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and "BBB(low)" or higher by DBRS Limited (or any successor thereof), unless otherwise agreed to by DBRS Limited (or any successor thereof);

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief and without personal liability;

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

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa2" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section 7.2(a);

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

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

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to

Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

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

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory

Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can

be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1), (2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy

Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;

(d) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(e), the "**Servicer CEA Receipts**");

(g) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(e);

(k) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, prepare and deliver to the Issuer a Monthly Servicer Report;

(b) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA

Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this

Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit B (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined or any such overpayment shall be returned to the IESO.

3.15 IESO Security for CEA Remittances

The IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit from a provider that satisfies the Rating Agency Condition and with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to the amount determined in accordance with the following formula, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = 0.50, or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The

execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Servicer Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest

related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.2 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture

and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses

of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Servicer Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and,

without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a successor (a "**Successor Servicer**") shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be

entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The IESO (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the IESO (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the IESO to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

8.2 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.3 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.4 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.5 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention:	Chief Financial Officer, General Counsel and Associate General Counsel
Email:	Kim.Marshall@ieso.ca General.Counsel@ieso.ca Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: FHT@opg.com
Email: Vice President, Fair Hydro Plan

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.6 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.7 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.8 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 Separate Counterparts; Electronic Delivery

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

8.10 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.11 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.12 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No

property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.13 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[Remainder of page intentionally left blank.]

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

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to **[insert IESO bank account details]**.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca; General.Counsel@ieso.ca; Michael.Boll@ieso.ca

Reference is made to the master transfer and servicing agreement made as of December 21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[Wire transfer instructions to be provided by Issuer.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

SECURITY AGREEMENT

THIS AGREEMENT made as of the 21st day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor’s covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor’s Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is

commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis)

properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security

interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC., as Secured Party**

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of December 20, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Manager to perform its covenants and other obligations under the Management

Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of December 21, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of December 21, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or

payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO are limited as provided in this Section 5.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is

under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to any Person with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of December 21, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

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

AND

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

AND

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

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of December [■], 2017

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

RECITALS

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

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

Pursuant to a Declaration of Trust dated as of December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

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

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

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

AGREEMENT OF THE PARTIES

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

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

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

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

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

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

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

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

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

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

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

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

1.02 Trustee to act in accordance with the Trust Indenture

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

1.03 Proof of Approved Obligations

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

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

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

1.05 Province Retains Rights of Beneficiaries

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

1.06 Effect of Headings

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

1.07 Successors and Assigns

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

1.08 Severability

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

1.09 Governing Law

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

1.10 Proceedings Against the Crown Act

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

1.11 Attornment

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

1.12 Counterparts; Electronic Delivery

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

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

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

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

1.14 Non-Business Days

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

1.15 Waiver, Amendment

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

1.16 Interest Act

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

1.17 Currency

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

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

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

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

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

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

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

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

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a

Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

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

interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

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

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

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

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

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein

shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

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

2.02 Intentionally Deleted.

2.03 Absence of Set-off

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

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall

transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement.

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

2.05 Certain Waivers

The Province hereby waives:

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

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

(c) diligence; and

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

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

2.06 Additional Security

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

2.07 Continuing Liability of the Province

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

2.08 Continuance of the Limited Guarantee

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

2.09 Modifications of Approved Obligations

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

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

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

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

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

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

3.02 Acceptance of Trusts

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

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

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

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

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

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

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

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

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10 of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

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

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

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

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

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

6.02 Not Responsible for Recitals

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

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

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

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

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

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

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

(a) if to the Financing Entity:

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

with copies to:

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

(b) if to the FSM:

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

(c) if to the Province:

Ministry of Finance
7 Queen’s Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Minister of Finance
Fax: (416) 325-0374

- and -

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Deputy Minister of Finance
Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Minister of Energy
Fax: (416) 327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

(d) if to the Indenture Trustee:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6
Attention: Corporate Trust Administration
Fax: (416) 360-1711

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

8.03 Assignment

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

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

8.04 Enurement

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

8.05 FIPPA

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

8.06 No Petition

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

8.07 Notice to Rating Agencies

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

8.08 Third Party Rights

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

8.09 Delivery of Executed Copies

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

[Signature page to follow]

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

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

By: _____
Name:
Title:

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

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

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

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

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

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

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

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

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

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

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

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

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

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

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

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

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

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Process Agreement**" means the change of law process agreement between the Province and OPG.

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

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Financing Entity was established.

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

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

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

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

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

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

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

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

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

"**Management Agreement**" means the management agreement dated December 20, 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

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

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

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December 21, 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

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

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

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

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

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

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

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

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

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

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

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

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

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

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

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any

"regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

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

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

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

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

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

"**Reference Documentation**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

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

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

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

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

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

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

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

"**Transaction Document**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

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

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

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

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December 21, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

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

Each of the undersigned, being the [■] and [■] of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

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

AND TO: Fair Hydro Trust

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

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

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

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

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

* * * *

DATED as of the [■] day of [■], [■].

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

By: _____
Name:
Title:

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

By: _____
Name:
Title:

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

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of December [■], 2017

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

RECITALS

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

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

Pursuant to a Declaration of Trust dated as of December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

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

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

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

AGREEMENT OF THE PARTIES

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

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

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

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

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

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

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

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

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

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

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

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

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

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

1.02 References to the Financing Entity

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

1.03 Effect of Headings

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

1.04 Successors and Assigns

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

1.05 Severability

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

1.06 Governing Law

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

1.07 Proceedings Against the Crown Act

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

1.08 Attornment

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

1.09 Counterparts; Electronic Delivery

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

1.10 Non-Business Days

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

1.11 Waiver, Amendment

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

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

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

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

2.02 Covenants

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

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

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

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

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

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

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

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

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be

deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

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

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

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

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

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

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

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

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

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

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

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

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

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

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

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

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

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

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

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

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

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

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

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast

shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

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

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

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

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

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

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

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

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

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

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

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

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

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

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

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

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

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

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

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

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

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

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(c)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(c)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a material adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without having or having had a material adverse effect on the rights or interests of

the Province under this Agreement or the Change of Law Protection Agreement as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

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

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

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

7.02 Notices

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

(a) if to OPG:

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

(b) if to the Province:

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Fax: (416) 325-0374

- and -

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Deputy Minister of Finance
Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Minister of Energy
Fax: (416) 327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

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

7.03 Assignment

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

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

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or

any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

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

[Signature page to follow]

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

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

By: _____

Name:
Title:

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

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

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

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

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

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

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

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated December [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

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

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

"**Declaration of Trust**" means the declaration of trust made as of December 21, 2017 under which the Financing Entity was established.

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

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

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

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

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

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

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

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

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

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

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

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

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

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

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

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December 21, 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that

would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

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

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

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

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

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

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

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

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

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

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

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

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

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

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative

transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of December 21, 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017.

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December ~~7,~~20, 2017

TABLE OF CONTENTS

ARTICLE 1
INTERPRETATION **2**
1.1 Definitions 2

ARTICLE 2
INTRODUCTORY PROVISIONS **5**
2.1 Sections and Headings 5
2.2 Extended Meanings 5
2.3 References to Acts of the Issuer or the Issuer Trustee 5

ARTICLE 3
APPOINTMENT OF THE MANAGER **5**
3.1 Appointment and Authority of the Manager 5

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER **6**
4.1 Program Agreements 6
4.2 Issuer Investment Interest 10
4.3 Implementation Plan 11
4.4 Collection of Clean Energy Adjustments 12
4.5 Investment Interest Records 13
4.6 Payment of Other Issuer Fees and Expenses 14
4.7 Delegation 14
4.8 Annual Compliance Certificates 14
4.9 Acknowledgment of Duties as Financial Services Manager 14

ARTICLE 5
OTHER PROVISIONS RELATING
TO THE DUTIES AND COMPENSATION **15**
5.1 Standard of Care 15
5.2 Compliance with Program Agreements; Conformity with Law 16
5.3 Liabilities 16
5.4 Compensation of the Manager 16
5.5 Compensation of the Issuer 17
5.6 Indemnification by Manager 17
5.7 Contracting with Itself and Affiliates 19

ARTICLE 6
REPRESENTATIONS AND WARRANTIES **19**
6.1 Representations of the Issuer 19
6.2 Representations of the Manager 19

ARTICLE 7
TERMINATION AND RESIGNATION **20**
7.1 Termination 20

ARTICLE 8
MISCELLANEOUS **20**
8.1 Acknowledgement of Indenture 20
8.2 Appointment of Manager as Attorney-in-Fact 20
8.3 Amendments and Waivers 21
8.4 Withholding Rights 21
8.5 No Petition ..... ~~21~~22
8.6 Notice 22
8.7 Recourse to Issuer Trustee and the Issuer ..... ~~22~~23
8.8 Severability 23
8.9 Execution of Counterparts; Electronic Delivery 23
8.10 Governing Law 23
8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee 23

EXHIBIT

Exhibit A – Annual Compliance Certificate
Exhibit B – Monthly Portfolio Report

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December ~~7~~ 20, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and

obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

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

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Change of Law Process Agreement**" means the change of law process agreement **to be dated December ■, 2017** between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December ■~~,~~**20,** 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture **to be** dated ~~as of~~ December ■~~,~~**21,** 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be dated December ~~7~~21, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Monthly Servicer Report**" means the report delivered by the IESO under Section 3.5(a) of the Master Transfer and Servicing Agreement;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of

any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such

Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment **or waiver** of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied **and the Manager will notify the Rating Agencies of any assignment, amendment or waiver of the Change of Law Process Agreement**.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of

Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) review each Monthly Servicer Report and make commercially reasonable efforts to resolve any failures and discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors;

(ii) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) commencing May 1, 2021 and pursuant to its rights under Section 10(4) of the Regulations:

(A) the Manager shall review or caused to be reviewed, on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager, the records

maintained by each Electricity Vendor with respect to Clean Energy Adjustments, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; and

(C) the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)(iii).

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall

reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "**Monthly Portfolio Report**").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems

advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the

Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful

misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each

case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture~~,~~ **including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture;** (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in **Article VI, Article VII and Section 8.13 of** the Indenture**,** and ~~(iii)~~ appoints the Indenture Trustee as its agent for any and all such purposes**; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the Manager (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Manager to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture**.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: corporatetrust.toronto@computershare.com
Attention: Manager, Corporate Trust

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

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

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

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

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By:
Name:
Title:

By:
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated as of December ■, 20, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.

as Manager

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B

MONTHLY REPORT

~~[NTD: Form of monthly report is in progress and will include:~~

- ~~the amount of Monthly Carrying Costs received by the IESO under the MTSA;~~
- ~~a copy of the Monthly Servicer Report delivered by IESO under the MTSA;~~
- ~~the amounts paid for each series and class of note, broken down by principal and interest;~~
- ~~the opening and closing balance of the notes of the various series;~~
- ~~the opening and closing amounts in the various reserve accounts; and~~
- ~~amounts paid by the Issuer to various other third parties (Manager fees, Issuer Trustee fees, etc.).]~~

See attached.

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Moved to	0
Style change	0
Format changed	0

Total changes	51

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December ~~■,~~20, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **1**

1.1 Definitions 1
1.2 Interpretation 5
1.3 Accounting Principles 6
1.4 References to Acts of the Trust 6

ARTICLE 2 THE TRUST **7**

2.1 Purpose and Activities of the Trust 7
2.2 Limitation on Certain Activities 8
2.3 Name and Head Office 8
2.4 Nature of the Trust 8
2.5 Rights of Unitholders 9

ARTICLE 3 UNITS **9**

3.1 Nature of Units 9
3.2 Consideration of Units 9
3.3 No Pre-Emptive Rights 10
3.4 Fractional Units 10
3.5 Allotment and Issue 10
3.6 Prohibited Issuances and Transfers 10
3.7 Liability of Unitholders 11

ARTICLE 4 REDEMPTION OF UNITS **12**

4.1 Redemption of Units 12

ARTICLE 5 RIGHTS AND POWERS OF ISSUER TRUSTEE **13**

5.1 General Rights and Powers 13
5.2 Acquisition of Assets and Deposit of Funds 14
5.3 Legal Title and Custody 14
5.4 Disposition of Trust Property 14
5.5 Management of Trust Property 14
5.6 Power to Borrow Money and Issue Funding Obligations 14
5.7 Derivative Agreements 15
5.8 Execution of Instruments 15
5.9 Facsimile Signatures 15
5.10 Taxes 16
5.11 Collection 16
5.12 Expenses and Compensation of Issuer Trustee 16
5.13 Allocation 17
5.14 Fiscal Year and Form of Accounts 17
5.15 Power to Contract 18
5.16 Indemnification 19

TABLE OF CONTENTS
(continued)

Page

5.17 Further Powers 19
5.18 Auditors 19
5.19 Defect in Appointment 19
5.20 Status 19

ARTICLE 6 REPLACEMENT OF ISSUER TRUSTEE 20

6.1 Resignation of Issuer Trustee 20
6.2 Removal of Issuer Trustee 20
6.3 Vacancy 20
6.4 Appointment of New Issuer Trustee 21
6.5 Merger, Consolidation and Amalgamation 21
6.6 Vesting in Successor Issuer Trustee 21
6.7 Confidentiality 21
6.8 Right to Disclose 22

ARTICLE 7 STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS 22

7.1 Standard of Care 22
7.2 Limitation of Liability of Issuer Trustee 22
7.3 Indemnification of the Issuer Trustee 23
7.4 Reliance upon Advice 23
7.5 Retain Experts 23
7.6 Reliance on Experts 24
7.7 Provisions Regarding Liability 24

ARTICLE 8 RECORDS 24

8.1 Records to be Kept 24
8.2 Segregation of Assets 24
8.3 Method of Keeping Records 24
8.4 Annual Financial Statements 25

ARTICLE 9 MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS 25

9.1 Annual Meeting 25
9.2 Other Meetings 25
9.3 Quorum and Voting 25
9.4 Written Resolution 25

ARTICLE 10 AMENDMENT 26

10.1 Amendment 26
10.2 Automatic Amendment 26
10.3 Supplemental Declaration of Trust ~~26~~27

TABLE OF CONTENTS
(continued)

Page

ARTICLE 11 DISTRIBUTION OF TRUST PROPERTY **27**

11.1 Distributions 27
11.2 Allocation ..... ~~28~~**29**
11.3 Payment of Distributions 29
11.4 Legal Rights 30
11.5 Income Tax Matters 30
11.6 Designations 30
11.7 Withholding Taxes ..... ~~30~~**31**

ARTICLE 12 TERMINATION OF THE TRUST **31**

12.1 Termination 31

ARTICLE 13 GENERAL ..... ~~31~~**32**

13.1 **Acknowledgement of Indenture** **32**
13.2 Irrevocability ..... ~~31~~**32**
~~13.2~~**13.3** Change of Office ~~31~~**32**
~~13.3~~**13.4** Execution of Instruments 32
~~13.4~~**13.5** Manner of Giving Notice 32
~~13.5~~**13.6** Taxation Information ~~32~~**33**
~~13.6~~**13.7** Severability ~~32~~**33**
~~13.7~~**13.8** Governing Law ~~32~~**33**
~~13.8~~**13.9** Language 33

THIS DECLARATION OF TRUST is made as of December ~~■,~~20, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

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

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

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

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as

represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

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

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

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

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior

taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

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

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

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

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

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

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

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

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is "Fair Hydro Trust" and the French form of the name of the Trust is "Fiducie pour des frais d'électricité équitables". The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining

after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not

restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent

modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment

described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer

Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books

and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein

specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of

interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000, in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate

trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or

security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder

or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the

omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in

reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or

facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if: (i) it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust

Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(1) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(2) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(1) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the

Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Acknowledgement of Indenture

The Issuer Trustee (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Trust and the Indenture Trustee to (X) add the Issuer Trustee (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Issuer Trustee to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

13.2 ~~13.1~~ Irrevocability

The Trust shall be irrevocable.

13.3 ~~13.2~~ Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.4 ~~13.3~~ Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.5 ~~13.4~~ Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.6 ~~13.5~~ Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.7 ~~13.6~~ Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.8 ~~13.7~~ Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation,

performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.9 ~~13.8~~ Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-19-17 12:17:38 PM

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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/23163129/14
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Moved to	0
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Total changes	65

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December ~~,~~21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **2**
1.1 Definitions 2
1.2 Sections and Headings 8
1.3 Extended Meanings 8

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET **9**
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 9
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 10

ARTICLE 3 ROLE OF THE SERVICER **12**
3.1 Designation of Servicer 12
3.2 Forecasts and Other Information 12
3.3 Implementation Plan 12
3.4 Clean Energy Adjustments and Electricity Vendors 13
3.5 Reporting 15
3.6 Remittances 15
3.7 Reimbursement of Servicer 16
3.8 Limits to Obligations 16
3.9 Servicing and Maintenance Standards 17
3.10 Appointments 17
3.11 Term 17
3.12 Mergers 18
3.13 The IESO Not to Resign as Servicer 18
3.15 IESO Security for CEA Remittances 19

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO **20**
4.1 Representations and Warranties 20
4.2 Survival 22

ARTICLE 5 COVENANTS OF THE IESO **22**
5.1 Existence 22
5.2 No Transfer or Liens 23
5.3 Notice of Liens 23
5.4 Compliance with Law 23
5.5 Covenants Related to the Investment Interest 23
5.6 Non-petition Covenants 23
5.7 Disclosure 24
5.8 Further Assurances 24
5.9 Access to Certain Records and Information 24
5.10 Maintenance of Operations 24

ARTICLE 6 IESO INDEMNITIES **24**

TABLE OF CONTENTS
(continued)

Page

6.1 Liability of the IESO; Indemnities 25

ARTICLE 7 SERVICER DEFAULT 27
7.1 Servicer Default 27
7.2 Appointment of Successor Servicer 28
7.3 Waiver of Past Defaults 29
7.4 Notice of Servicer Default 29
7.5 Cooperation with Successor Servicer 29

ARTICLE 8 MISCELLANEOUS 29
8.1 **Acknowledgement of Indenture** **29**
8.2 Amendment ~~29~~**30**
~~8.2~~**8.3** Withholding Rights ~~29~~**30**
~~8.3~~**8.4** No Partnership 30
~~8.4~~**8.5** Notices 30
~~8.5~~**8.6** Assignment 31
~~8.6~~**8.7** Limitations on Rights of Third Parties 31
~~8.7~~**8.8** Severability 31
~~8.8~~**8.9** Separate Counterparts; Electronic Delivery 31
~~8.9~~**8.10** Governing Law ~~31~~**32**
~~8.10~~**8.11** Grant of Security Interest to Indenture Trustee ~~31~~**32**
~~8.11~~**8.12** Limitation of Liability of the Issuer Trustee 32
~~8.12~~**8.13** Waivers 33

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December ~~7~~**21,** 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

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

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December ~~1~~ 20, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total electricity consumption of Specified Consumers invoiced in such Billing Period;

(b) its total CEA Consumer Invoice Amounts in such Billing Period;

(c) its total Electricity Vendor CEA Collections during such Billing Period; and

(d) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

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

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December ~~,~~ **21,** 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted

in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December ~~,~~**20,** 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference

Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);

(c) total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;

(d) total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;

(e) total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;

(f) the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;

(g) a summary of any matters referred to in Section 3.4(k) which have not been resolved and any explanation provided therefor by the Electricity Vendor; and

(h) such other information which otherwise may be agreed to by the Servicer;

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof), unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and "BBB(low)" or higher by DBRS Limited (or any successor thereof), unless otherwise agreed to by DBRS Limited (or any successor thereof);

"**Officer's Certificate**" means a certificate **on behalf of any Person that is** signed by ~~a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture~~**any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief and without personal liability**;

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

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion,

acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa2" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section ~~[3.07~~7.2~~(e)] of the Indenture~~a);

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

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

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

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

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1), (2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds

deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;

(d) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(e), the "**Servicer CEA Receipts**");

(g) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of

receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(e);

(k) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of

Clean Energy Adjustments, prepare and deliver to the Issuer a Monthly Servicer Report;

(b) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from

external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit B (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to

the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined or any such overpayment shall be returned to the IESO.

3.15 IESO Security for CEA Remittances

The IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit **from a provider that satisfies the Rating Agency Condition and** with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to the amount determined in accordance with the following formula, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = 0.50, or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Servicer Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section ~~8.1~~**8.2** and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not

take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or

investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Servicer Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a **successor (a "Successor Servicer")** shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written

assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The IESO (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the IESO (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the IESO to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

8.2 ~~8.1~~ Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.3 ~~8.2~~ Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.4 ~~8.3~~ No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its

execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.5 ~~8.4~~ **Notices**

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: FHT@opg.com
Email: Vice President, Fair Hydro Plan

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be

given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.6 ~~8.5~~ **Assignment**

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.7 ~~8.6~~ **Limitations on Rights of Third Parties**

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.8 ~~8.7~~ **Severability**

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 ~~8.8~~ **Separate Counterparts; Electronic Delivery**

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

8.10 ~~8.9~~ **Governing Law**

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.11 ~~**8.10**~~ **Grant of Security Interest to Indenture Trustee**

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.12 ~~**8.11**~~ **Limitation of Liability of the Issuer Trustee**

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section ~~8.11~~**8.12**, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's

property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.13 ~~8.12~~ Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[~~REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]~~***Remainder of page intentionally left blank.]***

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

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■Vice President, Fair Hydro Plan
Email: ■FHT@opg.com

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ■~~,~~21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to **[insert IESO bank account details]**.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By:
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: ~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR~~
~~[Address]~~**Independent Electricity System Operator**
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: ■
~~Email:~~ ■ **Chief Financial Officer, General Counsel and Associate General Counsel**
Email: Kim.Marshall@ieso.ca; General.Counsel@ieso.ca; Michael.Boll@ieso.ca

Reference is made to the master transfer and servicing agreement made as of December ■~~,~~**21,** 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[~~NTD:~~ Wire transfer instructions to be provided by ~~OPG~~Issuer.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-19-17 12:20:37 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24517772/10
Description	#24517772v10<TorysAtWork> - *Fair Hydro -- Master Transfer and Servicing Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24517772/12
Description	#24517772v12<TorysAtWork> - *Fair Hydro -- Master Transfer and Servicing Agreement
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	61
Deletions	65
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	126

DRAFT: DECEMBER ~~14,~~19, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ~~——~~21st day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC., as Secured Party**

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

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INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of ~~■,~~December 20, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ~~■,~~December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the

Manager to perform its covenants and other obligations under the Management Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

~~**ONTARIO POWER GENERATION INC.**~~

~~By:~~
~~Name:~~
~~Title:~~

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____
Name:
Title:

By: _____
Name:
Title:

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ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of ~~■,~~December 21, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ~~■,~~December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of ~~■,~~December 21, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or payable by such

Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO ~~under the MTSA~~ are limited as provided in this Section 5.[1]

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is

[1] ~~The language included in this Section tracks Section 3.8 of the MTSA.~~

under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to ~~the Issuer~~**any Person** with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of ~~●,~~ **December 21,** 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Document comparison by Workshare Compare on December-19-17 12:18:14 PM

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Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24543718/7
Description	#24543718v7<TorysAtWork> - *Fair Hydro - IESO Acknowledgement and Indemnity Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24543718/8
Description	#24543718v8<TorysAtWork> - *Fair Hydro - IESO Acknowledgement and Indemnity Agreement
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Padding cell	

Statistics:	
	Count
Insertions	8
Deletions	15
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	23

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

AND

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

AND

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

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of December [■], 2017

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

RECITALS

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

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

Pursuant to a Declaration of Trust dated as of ~~■,~~ December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

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

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

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

AGREEMENT OF THE PARTIES

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

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

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

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

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

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

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

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

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

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

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

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

1.02 Trustee to act in accordance with the Trust Indenture

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

1.03 Proof of Approved Obligations

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

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

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

1.05 Province Retains Rights of Beneficiaries

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

1.06 Effect of Headings

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

1.07 Successors and Assigns

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

1.08 Severability

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

1.09 Governing Law

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

1.10 Proceedings Against the Crown Act

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

1.11 Attornment

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

1.12 Counterparts; Electronic Delivery

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

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

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

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

1.14 Non-Business Days

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

1.15 Waiver, Amendment

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

1.16 Interest Act

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

1.17 Currency

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

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by,

an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

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

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

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as ~~[~~Exhibit A~~]~~ (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of

the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

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

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

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

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other

amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

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

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

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

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

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

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

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

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

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

2.02 Intentionally Deleted.

2.03 Absence of Set-off

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

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement.

~~Funds credited to the Protection Account will be invested and held in accordance with Section [7.03] of the Trust Indenture on the basis that it is an Issuer Account.~~

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

2.05 Certain Waivers

The Province hereby waives:

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

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

(c) diligence; and

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

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

2.06 Additional Security

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

2.07 Continuing Liability of the Province

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

2.08 Continuance of the Limited Guarantee

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

2.09 Modifications of Approved Obligations

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

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

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

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

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

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

3.02 Acceptance of Trusts

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

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

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

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

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

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

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

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

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~[~~7.10~~]~~ of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

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

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

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

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

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

6.02 Not Responsible for Recitals

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

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

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

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

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

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

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

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

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

with copies to:

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

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

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

(c) if to the Province:

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Minister of Finance
~~[Address]~~

~~Attention: [■]~~
Fax: (416) ~~[■]~~ **325-0374**
~~and~~

~~Minister of Energy~~

~~[Address]~~

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

~~With copies to:~~

- and -

~~Deputy Minister~~**Ministry** of Finance
~~[Address]~~

7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: ~~[■]~~
~~Fax: (416) [■]~~
~~Email: [■]~~
~~and~~Deputy Minister of ~~Energy~~**Finance**

~~[Address]~~

Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: ~~[■]~~
Minister of Energy

Fax: (416) ~~[■]~~
~~Email: [■]~~327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

(d) if to the Indenture Trustee:
~~[Address]~~

BNY Trust Company of Canada

One York Street, 6th Floor

Toronto, Ontario M5J 0B6

Attention: ~~[■]~~Corporate Trust Administration
Fax: (416) ~~[■]~~
~~Email: [■]~~360-1711

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

8.03 Assignment

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

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

8.04 Enurement

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

8.05 FIPPA

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

8.06 No Petition

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

8.07 Notice to Rating Agencies

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

8.08 Third Party Rights

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

8.09 Delivery of Executed Copies

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

[Signature page to follow]

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

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

By: _____
Name:
Title:

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

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

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

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

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

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

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

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

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

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

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

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

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

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

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

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

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

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Process Agreement**" means the change of law process agreement between the Province and OPG.

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

"**Declaration of Trust**" means the declaration of trust made as of ~~[■],~~ **December 20,** 2017 under which the Financing Entity was established.

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

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

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

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

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

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

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

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

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

"**Management Agreement**" means the management agreement dated ~~[■],~~ **December 20,** 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

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

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

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated ~~[■],~~ **December 21,** 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

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

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

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

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

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

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

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

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

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

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

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

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

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

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

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Documentation**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated **December** [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●~~,~~ 21, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ●[■] and ●[■] of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-19-17 12:17:00 PM

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Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24626868/4
Description	#24626868v4<TorysAtWork> - *Fair Hydro -- Change of Law Protection Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24626868/5
Description	#24626868v5<TorysAtWork> - *Fair Hydro -- Change of Law Protection Agreement
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Deletions	79
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	128

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of December [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of December [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of ~~[■],~~ December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby, and any material amendment **or waiver** of this Agreement will only be binding if the Rating Agency Condition has been satisfied. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be

further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(~~b~~**c**)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(~~b~~**c**)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a ~~Material Effect~~**material adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement**, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without ~~any Material Effect having occurred~~**having or having had a material**

adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

~~Deputy Minister of Finance~~
~~[Address]~~
~~Attention: [■]~~
~~Fax: (416) [■]~~
~~Email: [■]~~

~~and~~

~~Deputy~~ Ministry of ~~Energy~~**Finance**
~~[Address]~~
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: ~~[■]~~**Minister of Finance**
Fax: (416) ~~[■]~~
~~Email: [■]~~**325-0374**

- and -

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Deputy Minister of Finance
Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Minister of Energy
Fax: (416) 327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated December [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of ~~[■],~~ December 21, 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated ~~[■],~~ **December 21,** 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that

would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section ~~4.01.~~**4.01.**

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"Rating Agency Condition" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative

transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of ~~[■],~~ **December 21,** 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017.

Document comparison by Workshare Compare on December-19-17 12:16:21 PM

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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24622622/6
Description	#24622622v6<TorysAtWork> - *Fair Hydro -- Change of Law Process Agreement
Rendering set	Firm_Standard

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Moved to	
Style change	
Format change	
~~Moved deletion~~	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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	Count
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Deletions	32
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	80

Draft Date: December 19, 2017

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER 21, 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Lenders 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8
1.17 Obligations in a Foreign Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc. 10
2.03 Use of Collateral 12
2.04 Suits to Protect the Collateral 12
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 13
2.09 Release of all Collateral 14
2.10 Certain Commercial Law Representations and Warranties 15

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 16
3.03 Form of Indenture Trustee's Certificate of Authentication 16
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 19

TABLE OF CONTENTS
(continued)

Page

3.06 Beneficial Ownership of Global Notes 20
3.07 Notices to Depository 21
3.08 CUSIP Numbers 21

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes 21
4.02 Denominations 24
4.03 Execution, Authentication and Delivery and Dating 24
4.04 Temporary Notes 25
4.05 Registration, Transfer and Exchange 26
4.06 Mutilated, Destroyed, Lost and Stolen Notes 29
4.07 Persons Entitled to Payment 30
4.08 Protection of Notes 31
4.09 Additional Issuances of Notes 31
4.10 Redemption of Notes 32
4.11 Purchase of Notes for Cancellation 34
4.12 Cancellation 34

ARTICLE V CONDITIONS PRECEDENT 35

5.01 Conditions Precedent for Incurrence of Indebtedness 35
5.02 No Consent 37
5.03 Conditions Precedent for the Incurrence of other Obligations Secured 37
5.04 Specified Creditor Acknowledgements 38
5.05 Acknowledgement of Program Agreement by Indenture Trustee 38

ARTICLE VI SUBORDINATION 39

6.01 Subordination 39
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations 39
6.03 Rights of Specified Creditors Preserved 39
6.04 Renewal or Extension of Senior Funding Obligations 40

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 40

7.01 Available Collections 40
7.02 Issuer Accounts 41
7.03 Investment of Funds in the Issuer Accounts 45
7.04 Allocation of Amounts on Deposit in Collection Account 46
7.05 Allocation of Amounts on Deposit in Interest Accumulation Account 50
7.06 Allocation of Amounts on Deposit in Principal Accumulation Account 51
7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account 52

TABLE OF CONTENTS
(continued)

Page

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 52
7.09 Allocation of Amounts on Deposit in Refinancing Account 54
7.10 Allocation of Amounts on Deposit in Protection Account 54
7.11 Allocation of Amounts on Deposit in Series Accounts 56
7.12 Payments to be Held in Trust 57
7.13 Application of Trust Money 57

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 57

8.01 Events of Default 57
8.02 Acceleration of Maturity; Rescission and Annulment 59
8.03 Waiver of Past Defaults 60
8.04 Notice of Defaults 61
8.05 Remedies Generally 61
8.06 Default Interest and Expenses 62
8.07 Indenture Trustee May File Proofs of Claim 63
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 63
8.09 Indenture Trustee May Elect to Hold the Collateral 63
8.10 Termination by Indenture Trustee of Manager and Servicer 63
8.11 Control by Controlling Class Creditors 64
8.12 Limitation on Suits 64
8.13 Application of Money Following an Event of Default 65
8.14 Limited Recourse 66
8.15 Restoration of Rights and Remedies 67
8.16 Rights and Remedies Cumulative 67
8.17 Delay or Omission Not Waiver 67
8.18 Waiver of Stay or Extension Laws 67
8.19 Indenture Trustee Appointed Attorney 68
8.20 Disclaimer of Marshalling 68

ARTICLE IX THE INDENTURE TRUSTEE 68

9.01 Certain Duties and Responsibilities 68
9.02 Certain Rights of Indenture Trustee 70
9.03 Not Responsible for Recitals or Issuer Funding Obligations 71
9.04 May Hold Notes 72
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 72
9.06 Corporate Indenture Trustee Required; Eligibility 72
9.07 Resignation and Removal; Appointment of Successor 73
9.08 Acceptance of Appointment by Successor 74
9.09 Merger, Conversion, Consolidation or Succession to Business 75
9.10 Trust Indenture Legislation 75
9.11 Representations and Covenants of the Indenture Trustee 76
9.12 Indenture Trustee's Application for Instructions from the Issuer 76

TABLE OF CONTENTS
(continued)

Page

9.13 Appointment of Co-Trustee or Separate Indenture Trustee 76
9.14 Preservation of Information; Communications to Specified Creditors 78
9.15 Acceptance of Trusts by Indenture Trustee 79
9.16 Paying Agent 79

ARTICLE X MEETINGS 80

10.01 Conduct of Meetings 80
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 82
10.03 Extraordinary Resolution 85
10.04 Declaration by Chairman of Result of Vote 85
10.05 Minutes 85
10.06 Signed Instruments 85
10.07 Persons Who May Attend 85
10.08 Binding Effect of Resolutions 86
10.09 Notes Regarded as Not Outstanding for Certain Purposes 86

ARTICLE XI SUPPLEMENTAL INDENTURES 86

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 86
11.02 Supplemental Indentures and Amendments with Consent of Debtholders 88
11.03 Execution of Amendments and Supplemental Indentures 90
11.04 Effect of Amendments and Supplemental Indentures 90
11.05 Reference in Notes to Supplemental Indentures 90

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 90

12.01 Representations and Warranties of the Issuer 90
12.02 Certified Primary Obligations 92

ARTICLE XIII COVENANTS OF THE ISSUER 92

13.01 Payment of Principal and Interest 92
13.02 Use of Proceeds; Funding of Program Cash Reserve Account 92
13.03 Maintenance of Office or Agency 93
13.04 Legal Existence 93
13.05 Separateness Covenants 93
13.06 Compliance with Laws 94
13.07 Performance of Obligations 94
13.08 Funding Obligations 95
13.09 Financial Statements 95
13.10 Statement as to Compliance 95
13.11 Payment Instructions 96
13.12 Notice of Certain Events; Protection Event 96

TABLE OF CONTENTS
(continued)

Page

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 96
13.14 Other Positive Covenants 97
13.15 Rule 144A Information 98
13.16 Further Instruments and Acts 98
13.17 No Other Business 98
13.18 Amendments to Program Agreements 99
13.19 Issuer May Consolidate, Etc., Only on Certain Terms 99
13.20 Successor Substituted 100
13.21 Guarantees, Loans, Advances and Other Liabilities 100
13.22 Capital Expenditures 101
13.23 Restricted Payments 101
13.24 Redemption of Subordinated Notes or Junior Subordinated Notes 101
13.25 No Borrowing 101
13.26 Minimum Subordinated Funding Obligations 102
13.27 Other Negative Covenants 102
13.28 Indenture Trustee May Perform Covenants 102

ARTICLE XIV CERTAIN PROGRAM AGREEMENTS 103

14.01 Management Agreement 103
14.02 Credit Enhancement Agreements 103
14.03 Declaration of Trust 103

ARTICLE XV NOTICES 104

15.01 Notice to Issuer 104
15.02 Notice to the Indenture Trustee 104
15.03 Notice to Noteholders 105
15.04 Notice to Other Specified Creditors 106
15.05 Notice to Rating Agencies 106
15.06 Change of Address 106

ARTICLE XVI MISCELLANEOUS 106

16.01 No Petition 106
16.02 Withholding Rights 107
16.03 U.S. Tax Treatment 107
16.04 Alternate Payment Provisions 107
16.05 Final Distribution 107
16.06 Force Majeure 108
16.07 Delivery of Executed Copies 108

Schedule A — Defined Terms
Exhibit 1 — Forms of Payment Instruction
Exhibit 2 — Form of Refinancing Notice
Exhibit 3 — Form of Specified Creditor List
Exhibit 4 — Form of Request for Specified Creditor Information
Exhibit 5 — Form of Cancellation Notice
Exhibit 6 — Forms of Certification

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of December 21, 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in

all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 <u>Recording, Etc.</u>

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the

Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of

such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or

with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with

Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized

denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by

delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

(xx) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by

providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer

Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set

forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any

aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad

faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 Additional Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes

are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the

date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such

redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to such incurrence;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations

as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 No Consent

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement;

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in

accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

provided that, if the Issuer enters into a Derivative Agreement, the Issuer shall have delivered to each Rating Agency notice of the identity of the Derivative Counterparty and the terms of the applicable master agreement and related schedules (but for greater certainty, not each trade confirmation).

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30,

2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the

benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured

that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with a written direction and the Indenture Trustee's standard practices.

(c) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account.

(f) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 <u>Allocation of Amounts on Deposit in Collection Account</u>

(a) Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the

Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Sections 7.10 and 8.13.

(e) Subject to Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses and reimbursements) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Section 7.10, on each Interest Payment Date, amounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or

exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) be held in the Principal Accumulation Account for distribution under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

(b) On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Subject to the provisions of any applicable Funding Obligation Agreement, not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable Payment Waterfall and based upon the Payment Instruction received from the Manager in respect of such Guarantee Payment Date.

(c) Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor

out of the Protection Account and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the respective amounts of such payments, and equivalent amounts (each, a "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amounts to be payable in the same order of priority under the applicable Payment Waterfall as the related amounts under the Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full

to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

(h) In preparing any Payment Instructions, the Manager shall reflect the amounts payable under Section 2.01(a) of the Change of Law Protection Agreement, if applicable.

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and

allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of five (5) days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by

Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior

Subordinated Funding Obligations at any time on or before such time, plus (y) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising

therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d) and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the

provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the

right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to

Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i) and (ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect

the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment Instruction and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation

Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any

province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the

Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts

and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture

Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request

of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a

requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes

cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this

Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any

Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its

obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under

any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has

occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 (and in .pdf file format) of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or

the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and individual trade confirmations under Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors, acting pursuant to an Ordinary Resolution;

(ii) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust), if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(iii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and

assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of

so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure

of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders

of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with,

in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be

satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by

applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The

Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required

by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December 21, 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of

"A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated

broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December 21, 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, the Manager or any Affiliate of the Issuer or the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount

of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means an instruction of the Manager substantially in one of the forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is

being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e) of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1 of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection 7.10(d)(i).

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
FORMS OF PAYMENT INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees and expenses	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
	f. Principal Accumulation Amount (Warehouse)	$[ ]
	g. Principal and Derivative Funding Obligations – Total	$[ ]
	i. Principal Accumulation Amount (Senior)	$[ ]
	ii. Termination Payments – Total	$[ ]
	1. [*break out for each Derivative Counterparty*]	$[ ]
	h. Fees and other amounts on Senior Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	i. Manager fees and other amounts (excluding indemnity amounts)	$[ ]
	j. Principal Accumulation Amount (Subordinated)	$[ ]
	k. Fees and other amounts on Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	l. Principal Accumulation Amount (Junior Subordinated)	$[ ]
	m. Program Cash Reserve Required Amount	$[ ]

n.	Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	$**[ ]**
	i. [*break out on series by series basis*]	$**[ ]**
o.	Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	$**[ ]**
	i. [*break out on series by series basis*]	$**[ ]**
p.	Fees and other amounts on Junior Subordinated Funding Obligations – Total	$**[ ]**
	i. [*break out on series by series basis*]	$**[ ]**
q.	Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	$**[ ]**
	i. [break out on series by series basis]	$**[ ]**
r.	Derivative Funding Obligations – Total	$**[ ]**
	i. [*break out for each defaulting Derivative Counterparty*]	$**[ ]**
s.	Beneficiaries of Issuer	$**[ ]**
t.	Manager indemnity amounts	$**[ ]**
u.	Payments to other Specified Creditors – Total	$**[ ]**
	i. [*break out for each obligation*]	$**[ ]**
4.	Ending Balance	$**[ ]**
5.	Investment Proceeds on Collection Account	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Additions for Senior Funding Obligations	$**[ ]**
3.	Additions for Subordinated Funding Obligations	$**[ ]**
4.	Additions for Junior Subordinated Funding Obligations	$**[ ]**
5.	Withdrawals for Senior Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
6.	Withdrawals for Subordinated Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
8.	Ending Balance	$**[ ]**
9.	Investment Proceeds on Interest Accumulation Account	$**[ ]**
10.	Interest Accrual Amount (Senior)	$**[ ]**
11.	Interest Accrual Amount (Subordinated)	$**[ ]**
12.	Interest Accrual Amount (Junior Subordinated)	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Additions for Warehouse Obligations	$**[ ]**
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	$**[ ]**
4.	Additions for Subordinated Funding Obligations	$**[ ]**
5.	Additions for Junior Subordinated Funding Obligations	$**[ ]**
6.	Withdrawals for Warehouse Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
8.	Withdrawals for Subordinated Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
10.	Ending Balance	$**[ ]**
11.	Investment Proceeds on Principal Accumulation Account	$**[ ]**
12.	Principal Accumulation Amount (Warehouse)	$**[ ]**
13.	Principal Accumulation Amount (Senior)	$**[ ]**
14.	Principal Accumulation Amount (Subordinated)	$**[ ]**
15.	Principal Accumulation Amount (Junior Subordinated)	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO**

POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Withdrawals	$**[ ]**
	a. Taxes	$**[ ]**
	b. Issuer Trustee and Indenture Trustee fees	$**[ ]**
	c. Interest and Derivative Funding Obligations – Total	$**[ ]**
	i. Interest Accrual Amount (Senior)	$**[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$**[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	$**[ ]**
	d. Interest Accrual Amount (Subordinated)	$**[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	$**[ ]**
3.	Ending Balance	$**[ ]**
4.	Investment Proceeds on IESO Cash Reserve Account	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Additions	$**[ ]**
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
9.	Ending Balance	$**[ ]**
10.	Investment Proceeds on Program Cash Reserve Account	$**[ ]**
11.	Program Cash Reserve Required Amount	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Additions	$**[ ]**
3.	Withdrawals – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
4.	Ending Balance	$**[ ]**
5.	Investment Proceeds on Series Reserve Account	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	Opening Balance	$**0**
2.	Additions	$**[ ]**
3.	Withdrawals for Specified Creditors – Total	$**[ ]**
	a. [*break out for each obligation*]	$**[ ]**
4.	Withdrawals for Province (return of remaining amounts)	$**[ ]**
5.	Ending Balance	$**0**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	$**[ ]**
2.	Additions	$**[ ]**
3.	Withdrawals – Total	$**[ ]**
	a. [*break out for each obligation*]	$**[ ]**
4.	Ending Balance	$**[ ]**
5.	Investment Proceeds on Series Account	$**[ ]**
6.	Required Series Account amount	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Refinancing Notice in respect of [*identify Funding Obligation Agreement to which the Refinancing Notice applies*] (the "**Refinanced Funding Obligation Agreement**")

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture or the Refinanced Funding Obligation Agreement, as applicable.

1. This Refinancing Notice is delivered pursuant to Section 7.09(a) of the Trust Indenture in respect of the Refinanced Funding Obligation Agreement.

2. The Issuer hereby advises that notwithstanding the provisions of the Refinanced Funding Obligation Agreement, the Principal Accumulation Amounts in respect of the Payment Dates on or after the Principal Accumulation Date are adjusted as follows:

Payment Date	**Adjusted Principal Accumulation Amount**
[*Insert details*]	[*Insert details*]

[signature page follows]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

[*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER ~~[21],~~21, 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Lenders 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8
1.17 Obligations in a Foreign Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc. 10
2.03 Use of Collateral 12
2.04 Suits to Protect the Collateral 12
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 13
2.09 Release of all Collateral 14
2.10 Certain Commercial Law Representations and Warranties 15

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 16
3.03 Form of Indenture Trustee's Certificate of Authentication 16
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 19

TABLE OF CONTENTS
(continued)

Page

3.06 Beneficial Ownership of Global Notes 20
3.07 Notices to Depository 21
3.08 CUSIP Numbers 21

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes 21
4.02 Denominations 24
4.03 Execution, Authentication and Delivery and Dating 24
4.04 Temporary Notes 25
4.05 Registration, Transfer and Exchange 26
4.06 Mutilated, Destroyed, Lost and Stolen Notes 29
4.07 Persons Entitled to Payment 30
4.08 Protection of Notes 31
4.09 Additional Issuances of Notes 31
4.10 Redemption of Notes 32
4.11 Purchase of Notes for Cancellation 34
4.12 Cancellation 34

ARTICLE V CONDITIONS PRECEDENT 35

5.01 Conditions Precedent for Incurrence of Indebtedness 35
5.02 No Consent 37
5.03 Conditions Precedent for the Incurrence of other Obligations Secured 37
5.04 Specified Creditor Acknowledgements 38
5.05 Acknowledgement of Program Agreement by Indenture Trustee 38

ARTICLE VI SUBORDINATION 39

6.01 Subordination 39
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations 39
6.03 Rights of Specified Creditors Preserved 39
6.04 Renewal or Extension of Senior Funding Obligations 40

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 40

7.01 Available Collections 40
7.02 Issuer Accounts 41
7.03 Investment of Funds in the Issuer Accounts 45
7.04 Allocation of Amounts on Deposit in Collection Account 46
7.05 Allocation of Amounts on Deposit in Interest Accumulation Account 50
7.06 Allocation of Amounts on Deposit in Principal Accumulation Account 51
7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account 52

TABLE OF CONTENTS
(continued)

Page

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 52
7.09 Allocation of Amounts on Deposit in Refinancing Account 54
7.10 Allocation of Amounts on Deposit in Protection Account 54
7.11 Allocation of Amounts on Deposit in Series Accounts 56
7.12 Payments to be Held in Trust 57
7.13 Application of Trust Money 57

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 57

8.01 Events of Default 57
8.02 Acceleration of Maturity; Rescission and Annulment 59
8.03 Waiver of Past Defaults 60
8.04 Notice of Defaults 61
8.05 Remedies Generally 61
8.06 Default Interest and Expenses 62
8.07 Indenture Trustee May File Proofs of Claim ~~62~~**63**
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 63
8.09 Indenture Trustee May Elect to Hold the Collateral 63
8.10 Termination by Indenture Trustee of Manager and Servicer 63
8.11 Control by Controlling Class Creditors 64
8.12 Limitation on Suits 64
8.13 Application of Money Following an Event of Default 65
8.14 Limited Recourse 66
8.15 Restoration of Rights and Remedies 67
8.16 Rights and Remedies Cumulative 67
8.17 Delay or Omission Not Waiver 67
8.18 Waiver of Stay or Extension Laws 67
8.19 Indenture Trustee Appointed Attorney 68
8.20 Disclaimer of Marshalling 68

ARTICLE IX THE INDENTURE TRUSTEE 68

9.01 Certain Duties and Responsibilities 68
9.02 Certain Rights of Indenture Trustee 70
9.03 Not Responsible for Recitals or Issuer Funding Obligations 71
9.04 May Hold Notes 72
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 72
9.06 Corporate Indenture Trustee Required; Eligibility 72
9.07 Resignation and Removal; Appointment of Successor 73
9.08 Acceptance of Appointment by Successor 74
9.09 Merger, Conversion, Consolidation or Succession to Business 75
9.10 Trust Indenture Legislation 75
9.11 Representations and Covenants of the Indenture Trustee 76
9.12 Indenture Trustee's Application for Instructions from the Issuer 76

TABLE OF CONTENTS
(continued)

Page

9.13 Appointment of Co-Trustee or Separate Indenture Trustee 76
9.14 Preservation of Information; Communications to Specified Creditors 78
9.15 Acceptance of Trusts by Indenture Trustee 79
9.16 Paying Agent 79

ARTICLE X MEETINGS 80

10.01 Conduct of Meetings 80
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 82
10.03 Extraordinary Resolution 85
10.04 Declaration by Chairman of Result of Vote 85
10.05 Minutes 85
10.06 Signed Instruments 85
10.07 Persons Who May Attend 85
10.08 Binding Effect of Resolutions 86
10.09 Notes Regarded as Not Outstanding for Certain Purposes 86

ARTICLE XI SUPPLEMENTAL INDENTURES 86

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 86
11.02 Supplemental Indentures and Amendments with Consent of Debtholders 88
11.03 Execution of Amendments and Supplemental Indentures 90
11.04 Effect of Amendments and Supplemental Indentures 90
11.05 Reference in Notes to Supplemental Indentures 90

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 90

12.01 Representations and Warranties of the Issuer 90
12.02 Certified Primary Obligations 92

ARTICLE XIII COVENANTS OF THE ISSUER 92

13.01 Payment of Principal and Interest 92
13.02 Use of Proceeds; Funding of Program Cash Reserve Account 92
13.03 Maintenance of Office or Agency 93
13.04 Legal Existence 93
13.05 Separateness Covenants 93
13.06 Compliance with Laws 94
13.07 Performance of Obligations 94
13.08 Funding Obligations 95
13.09 Financial Statements 95
13.10 Statement as to Compliance 95
13.11 Payment Instructions 96
13.12 Notice of Certain Events; Protection Event 96

TABLE OF CONTENTS
(continued)

Page

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 96
13.14 Other Positive Covenants 97
13.15 Rule 144A Information 98
13.16 Further Instruments and Acts 98
13.17 No Other Business 98
13.18 Amendments to Program Agreements ..... ~~98~~99
13.19 Issuer May Consolidate, Etc., Only on Certain Terms 99
13.20 Successor Substituted 100
13.21 Guarantees, Loans, Advances and Other Liabilities 100
13.22 Capital Expenditures 101
13.23 Restricted Payments 101
13.24 Redemption of Subordinated Notes or Junior Subordinated Notes 101
13.25 No Borrowing 101
13.26 Minimum Subordinated Funding Obligations ..... ~~101~~102
13.27 Other Negative Covenants 102
13.28 Indenture Trustee May Perform Covenants 102

ARTICLE XIV CERTAIN PROGRAM AGREEMENTS 103

14.01 Management Agreement 103
14.02 Credit Enhancement Agreements 103
14.03 Declaration of Trust 103

ARTICLE XV NOTICES 104

15.01 Notice to Issuer 104
15.02 Notice to the Indenture Trustee 104
15.03 Notice to Noteholders 105
15.04 Notice to Other Specified Creditors 106
15.05 Notice to Rating Agencies 106
15.06 Change of Address 106

ARTICLE XVI MISCELLANEOUS 106

16.01 No Petition 106
16.02 Withholding Rights 107
16.03 U.S. Tax Treatment 107
16.04 Alternate Payment Provisions 107
16.05 Final Distribution 107
16.06 Force Majeure 108
16.07 Delivery of Executed Copies 108

Schedule A — **Defined Terms**
Exhibit 1 — **Forms of Payment Instruction**
Exhibit 2 — **Form of Refinancing Notice**
Exhibit 3 — **Form of Specified Creditor List**
Exhibit 4 — **Form of Request for Specified Creditor Information**
Exhibit 5 — **Form of Cancellation Notice**
Exhibit 6 — **Forms of Certification**

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of December ~~[21],~~**21,** 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed

in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation

to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this

Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and

grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach

of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section

9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture

Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for

value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or

Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such

Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as

conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

(xx) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series

or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the

day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR

PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction

under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 Additional Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the

principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the

contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to

accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to such incurrence;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements~~, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement,~~ shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 No Consent

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement; ~~and~~

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer**;**

provided that, if the Issuer enters into a Derivative Agreement, the Issuer shall have delivered to each Rating Agency notice of the identity of the Derivative Counterparty and the terms of the applicable master agreement and related schedules (but for greater certainty, not each trade confirmation).

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the

Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied)

establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve

Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain

Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of

the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in

writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with **a written direction and** the Indenture Trustee's standard practices.

(c) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account.

(f) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual

time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Sections 7.10 and 8.13.

(e) Subject to Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses and reimbursements) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Section 7.10, on each Interest Payment Date, amounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid,

an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) be held in the Principal Accumulation Account for distribution under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

(b) On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to

the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) ~~Not~~**Subject to the provisions of any applicable Funding Obligation Agreement, not** less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding

Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable Payment Waterfall and based upon the Payment Instruction received from the Manager in respect of such Guarantee Payment Date.

(c) Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor out of the Protection Account and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor,

with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the ~~amount~~**respective amounts** of such ~~payment~~**payments**, and ~~an~~ equivalent ~~amount (the~~**amounts (each, a** "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation ~~Amount~~**Amounts** to be payable in the same order of priority under the applicable Payment Waterfall as the **related amounts under the** Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant

Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

(h) In preparing any Payment Instructions, the Manager shall reflect the amounts payable under Section 2.01(a) of the Change of Law Protection Agreement, if applicable.

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of five (5) days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such

notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations at any time on or before such time, plus (y) the

sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will

automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from

the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d) and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02,

take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i) and (ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke

the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or

document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment Instruction and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the

protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the

acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months

may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture

Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction)

shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds

from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded

on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors

and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories

thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any

Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of

such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently

conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations

under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has

occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event ~~and at the~~**, if a** request ~~of~~**has been made by** the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 **(and in .pdf file format)** of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount

sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and **individual trade confirmations under** Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) **enter into any Co-Owner Agreement without the consent of Controlling Class Creditors, acting pursuant to an Ordinary Resolution;**

(ii) ~~(i)~~ amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust)**,** if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(iii) ~~(ii)~~ consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such

Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of

the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be

given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural

catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By:

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of

record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December ~~[21],~~**21,** 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December ~~[15],~~**20,** 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December ~~[21],~~**21,** 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December ~~[15],~~**20,** 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal

market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December ~~[21],~~**21,** 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December ~~[21],~~**21,** 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its

beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes.

In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, the Manager or any Affiliate of the Issuer or the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means an instruction of the Manager substantially in one of the forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date, less all amounts that

have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e) of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1 of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection 7.10(d)(i).

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
FORMS OF PAYMENT INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees **and expenses**	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
	f. Principal Accumulation Amount (Warehouse)	$[ ]
	g. Principal and Derivative Funding Obligations – Total	$[ ]
	i. Principal Accumulation Amount (Senior)	$[ ]
	ii. Termination Payments – Total	$[ ]
	1. [*break out for each Derivative Counterparty*]	$[ ]
	h. Fees and other amounts on Senior Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	i. Manager fees and other amounts (excluding indemnity amounts)	$[ ]
	j. Principal Accumulation Amount (Subordinated)	$[ ]
	k. Fees and other amounts on Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	l. Principal Accumulation Amount (Junior Subordinated)	$[ ]
	m. Program Cash Reserve Required Amount	$[ ]

n.	Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
o.	Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
p.	Fees and other amounts on Junior Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
q.	Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	$[ ]
	i. [break out on series by series basis]	$[ ]
r.	Derivative Funding Obligations – Total	$[ ]
	i. [*break out for each defaulting Derivative Counterparty*]	$[ ]
s.	Beneficiaries of Issuer	$[ ]
t.	Manager indemnity amounts	$[ ]
u.	Payments to other Specified Creditors – Total	$[ ]
	i. [*break out for each obligation*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Collection Account	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Senior Funding Obligations	$[ ]
3.	Additions for Subordinated Funding Obligations	$[ ]
4.	Additions for Junior Subordinated Funding Obligations	$[ ]
5.	Withdrawals for Senior Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Ending Balance	$[ ]
9.	Investment Proceeds on Interest Accumulation Account	$[ ]
10.	Interest Accrual Amount (Senior)	$[ ]
11.	Interest Accrual Amount (Subordinated)	$[ ]
12.	Interest Accrual Amount (Junior Subordinated)	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Warehouse Obligations	$[ ]
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	$[ ]
4.	Additions for Subordinated Funding Obligations	$[ ]
5.	Additions for Junior Subordinated Funding Obligations	$[ ]
6.	Withdrawals for Warehouse Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
10.	Ending Balance	$[ ]
11.	Investment Proceeds on Principal Accumulation Account	$[ ]
12.	Principal Accumulation Amount (Warehouse)	$[ ]
13.	Principal Accumulation Amount (Senior)	$[ ]
14.	Principal Accumulation Amount (Subordinated)	$[ ]
15.	Principal Accumulation Amount (Junior Subordinated)	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its~~

~~Manager,~~ **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	Opening Balance	$[ ]
2.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
3.	Ending Balance	$[ ]
4.	Investment Proceeds on IESO Cash Reserve Account	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Ending Balance	$[ ]
10.	Investment Proceeds on Program Cash Reserve Account	$[ ]
11.	Program Cash Reserve Required Amount	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely**

as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Series Reserve Account	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	Opening Balance	**$0**
2.	Additions	**$[ ]**
3.	Withdrawals for Specified Creditors – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Withdrawals for Province (return of remaining amounts)	**$[ ]**
5.	Ending Balance	**$0**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals – Total	$[ ]
	a. [*break out for each obligation*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Series Account	$[ ]
6.	Required Series Account amount	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

EXHIBIT 3~~See Attached.~~

TO: **BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture")**

RE: **Refinancing Notice in respect of [*identify Funding Obligation Agreement to which the Refinancing Notice applies*] (the "Refinanced Funding Obligation Agreement")**

DATE: **[■]**

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture or the Refinanced Funding Obligation Agreement, as applicable.

1. **This Refinancing Notice is delivered pursuant to Section 7.09(a) of the Trust Indenture in respect of the Refinanced Funding Obligation Agreement.**

2. ~~**[NTD: Notice must specify Series and the amount of**~~**The Issuer hereby advises that notwithstanding the provisions of the Refinanced Funding Obligation Agreement,** the Principal Accumulation Amounts ~~**specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide**~~**in respect of the Payment Dates on or after the Principal Accumulation Date are adjusted as follows:**

Payment Date	**Adjusted Principal Accumulation Amount**
[*Insert details*]	**[*Insert details*]**

[signature page follows]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

EXHIBIT 4
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 5
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

[*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 6
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 7
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable

statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

Document comparison by Workshare Compare on December-19-17 5:03:22 PM

Input:	
Document 1 ID	file://C:\Users\yolusoga\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\BDP8ZGDZ_Fair Hydro -- Master Trust Indenture.DOCX
Description	_Fair Hydro -- Master Trust Indenture
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24471144/11
Description	#24471144v11<TorysAtWork> - Master Trust Indenture (December 19)
Rendering set	strikeout (colour)

Legend:	
Insertion	
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<~~*Moved from*~~>	
>*Moved to*<	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	105
Deletions	66
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	171

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December 21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Junior Subordinated Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchaser 3
3.2 Delivery 3
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount 3
3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount 4
3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount 5
3.6 Interest; Other Amounts 5
3.7 Repayment of Principal 6
3.8 Indemnification by the Issuer 6
3.9 Taxes 6
3.10 Increased Costs 7

ARTICLE 4 CONDITIONS PRECEDENT 9
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes 9
4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes 10

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 11
5.1 Representations and Warranties of the Issuer 11
5.2 Representations and Warranties of the Purchaser 12
5.3 Survival 12

ARTICLE 6 COVENANTS 12
6.1 Covenants of the Issuer 12

ARTICLE 7 ACCELERATION 13
7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount 13

ARTICLE 8 GENERAL 13
8.1 Successor and Assigns 13

TABLE OF CONTENTS
(continued)

Page

8.2 Waiver 14
8.3 Notice 14
8.4 No Waiver: Remedies 14
8.5 Entire Agreement 14
8.6 Governing Law and Attornment 15
8.7 Acknowledgment of Trust Indenture and No Proceedings 15
8.8 Expenses 15
8.9 Further Assurances 15
8.10 Confidentiality 15
8.11 Limitation of Liability of Issuer Trustee 17
8.12 Execution in Counterparts 17
8.13 Delivery of Executed Copies 17

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day on or prior to December 21, 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental

Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**"

applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to the Requisite Percentage of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased to an amount equal to the Requisite Percentage of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), 7.06(a), 7.07, 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xvi), 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to

availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(b)(iv), 7.08(b)(iv), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to

(A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve,

assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in

reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely

until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such

pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements

between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee and the Purchaser all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser, with respect thereto; (b) to the Indenture Trustee and the Purchaser, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether

or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.13 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest

on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that

for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Requisite Percentage**" means the quotient of 10 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Junior Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Junior Subordinated Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

REGISTERED
No. R-[●]

INITIAL DOLLAR PRINCIPAL AMOUNT
$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Junior Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Junior Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Junior Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Junior Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Junior Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Junior Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Junior Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Junior Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Junior Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Junior Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Junior Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Junior Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Junior Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Junior Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Junior Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Junior Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Junior Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Junior Subordinated Note is one of a duly authorized issue of Junior Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Junior Subordinated Note, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Junior Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Junior Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Junior Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Junior Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Junior Subordinated Note shall be made to the registered holder of this Series 2017-1 Junior Subordinated Note.

Payments of interest on this Series 2017-1 Junior Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Junior Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Junior Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Junior Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Junior Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Junior Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Junior Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Junior Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Junior Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Junior Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Junior Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Junior Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Junior Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Junior Subordinated Note as a Noteholder of Series 2017-1 Junior Subordinated Notes.

The registered holder of this Series 2017-1 Junior Subordinated Note, by acceptance of this Series 2017-1 Junior Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Junior Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Junior Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Junior Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Junior Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Junior Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of

this Series 2017-1 Junior Subordinated Note and upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Junior Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Junior Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Junior Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Junior Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Junior Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Junior Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Junior Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Junior Subordinated Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Increase Date shall occur on _____.

2. The Increase Amount shall be _____.

3. The Increase is to [fund a Transfer] [is in respect of a Refinancing].

4. Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Junior Subordinated Supplemental Indenture**")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on _____.

2. The Decrease Amount shall be _____.

3. Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~[21],~~21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
- 1.1 Definitions 1
- 1.2 Interpretation 1
- 1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
- 2.1 Creation of Series 2017-1 Junior Subordinated Notes 2
- 2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
- 3.1 Purchase of Notes by the Purchaser 3
- 3.2 Delivery 3
- 3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount 3
- 3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount 4
- 3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount 5
- 3.6 Interest; Other Amounts 5
- 3.7 Repayment of Principal 6
- 3.8 Indemnification by the Issuer 6
- 3.9 Taxes 6
- 3.10 Increased Costs 7

ARTICLE 4 CONDITIONS PRECEDENT 9
- 4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes 9
- 4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes 10

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 11
- 5.1 Representations and Warranties of the Issuer 11
- 5.2 Representations and Warranties of the Purchaser 12
- 5.3 Survival 12

ARTICLE 6 COVENANTS 12
- 6.1 Covenants of the Issuer 12

ARTICLE 7 ACCELERATION 13
- 7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount 13

ARTICLE 8 GENERAL 13
- 8.1 Successor and Assigns 13

TABLE OF CONTENTS
(continued)

Page

8.2 Waiver 14
8.3 Notice 14
8.4 No Waiver: Remedies 14
8.5 Entire Agreement 14
8.6 Governing Law and Attornment 15
8.7 Acknowledgment of Trust Indenture and No Proceedings 15
8.8 Expenses 15
8.9 Further Assurances 15
8.10 Confidentiality ~~16~~**15**
8.11 Limitation of Liability of Issuer Trustee 17
8.12 Execution in Counterparts 17
8.13 Delivery of Executed Copies 17

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ~~[21],~~**21,** 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~February~~**January**, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day **on or** prior to December ~~[21],~~**21,** 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than ~~twenty percent (20%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated

Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than ~~twenty percent (20%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased to an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), 7.06(a), 7.07, 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xvi), 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(b)(iv), 7.08(b)(iv), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to

such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or

compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02**(a)** of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) **if the Increase Date is on or after May 1, 2021,** an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to

DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, ~~substantially in the form of Exhibit E (the "**Transfer Supplement**")~~**in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer**.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

~~(a)~~ The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

~~(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.~~

~~(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.~~

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee and the Purchaser all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser, with respect thereto; (b) to the Indenture Trustee and the Purchaser, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental

Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit

the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.13 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means ~~[1.10]~~**0.10**% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means ~~the weighted average interest rate applicable to the~~**, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of** Series 2017-1 Senior Notes **from the preceding Payment Date to such Payment Date**.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed

to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof,

or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"Requisite Percentage" means the quotient of 10 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default"

hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Junior Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Junior Subordinated Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time

to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

~~"**Transfer Supplement**" is defined in Section 8.1(a).~~

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~[21],~~**21,** 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

~~SERIES 2017-1~~FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

REGISTERED **INITIAL DOLLAR PRINCIPAL AMOUNT**

No. R-[●] **$[●]**

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Junior Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Junior Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Junior Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Junior Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Junior Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "Default Event"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Junior Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Junior Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Junior Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture,

payments made by the Issuer with respect to this Series 2017-1 Junior Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Junior Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Junior Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Junior Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Junior Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Junior Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Junior Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Junior Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:
Name:
Title:

By: _____
Name:
Title:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Junior Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Junior Subordinated Note is one of a duly authorized issue of Junior Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Junior Subordinated Note, Series 2017-1 (the "Series 2017-1 Junior Subordinated Notes"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Base Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "Supplemental"), and representing the right to receive certain payments from the Issuer. The term "Trust Indenture," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Junior Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Junior Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Junior Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"Payment Date" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Junior Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Junior Subordinated Note shall be made to the registered holder of this Series 2017-1 Junior Subordinated Note.

Payments of interest on this Series 2017-1 Junior Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Junior Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Junior Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Junior Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Junior Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Junior Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Junior Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Junior Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Junior Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Junior Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Junior Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Junior Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Junior Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Junior Subordinated Note as a Noteholder of Series 2017-1 Junior Subordinated Notes.

The registered holder of this Series 2017-1 Junior Subordinated Note, by acceptance of this Series 2017-1 Junior Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Junior Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Junior Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Junior Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the

rights of the holder of the Series 2017-1 Junior Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Junior Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of this Series 2017-1 Junior Subordinated Note and upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Junior Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Junior Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Junior Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Junior Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Junior Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Junior Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Junior Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

●

TO: Ontario Power Generation Inc. ("OPG")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Junior Subordinated Supplemental Indenture")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Increase Date shall occur on _____.

2. The Increase Amount shall be _____.

3. The Increase is to [fund a Transfer] [is in respect of a Refinancing].

4. Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:
Title:

By: _____
Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

~~●~~

~~**SCHEDULE E**~~

~~**FORM OF TRANSFER SUPPLEMENT**~~

TO: **Ontario Power Generation Inc. ("OPG")**

AND TO: **BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")**

RE: **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Junior Subordinated Supplemental Indenture")**

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. **The Decrease Date shall occur on _____.**

2. **The Decrease Amount shall be _____.**

3. **Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.**

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By:

Name:
Title:

By: _____

Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

Document comparison by Workshare Compare on December-19-17 4:53:05 PM

Input:	
Document 1 ID	file://C:\Users\yolusoga\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\BDP8ZGDZ\Junior Subordinated Warehouse Supplement (002).DOCX
Description	Junior Subordinated Warehouse Supplement (002)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24592224/7
Description	#24592224v7<TorysAtWork> - Junior Subordinated Warehouse Supplement - Fair Hydro
Rendering set	strikeout (colour)

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from*~~>	
>*Moved to*<	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	154
Deletions	46
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	200

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December 21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Subordinated Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchaser 3
3.2 Delivery 3
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount 3
3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount 4
3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount 5
3.6 Interest; Other Amounts 5
3.7 Repayment of Principal 6
3.8 Indemnification by the Issuer 6
3.9 Taxes 6
3.10 Increased Costs 7

ARTICLE 4 CONDITIONS PRECEDENT 9
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes 9
4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes 10

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 11
5.1 Representations and Warranties of the Issuer 11
5.2 Representations and Warranties of the Purchaser 12
5.3 Survival 12

ARTICLE 6 COVENANTS 12
6.1 Covenants of the Issuer 12

ARTICLE 7 ACCELERATION 13
7.1 Acceleration of Series 2017-1 Subordinated Principal Amount 13

ARTICLE 8 GENERAL 13
8.1 Successor and Assigns 13

TABLE OF CONTENTS
(continued)

Page

8.2 Waiver 14
8.3 Notice 14
8.4 No Waiver: Remedies 14
8.5 Entire Agreement 14
8.6 Governing Law and Attornment 15
8.7 Acknowledgment of Trust Indenture and No Proceedings 15
8.8 Expenses 15
8.9 Further Assurances 15
8.10 Confidentiality 15
8.11 Limitation of Liability of Issuer Trustee 16
8.12 Execution in Counterparts 17
8.13 Delivery of Executed Copies 17

FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day on or prior to December 21, 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a

Series 2017-1 Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the

form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to the Requisite Percentage of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to the Requisite Percentage of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(b)(iii), 7.08(b)(iii), 7.10(b) or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any

intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other

condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to

subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee and the Purchaser all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser, with respect thereto; (b) to the Indenture Trustee and the Purchaser, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as

required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing

limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.13 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest

on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that

for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"Requisite Percentage" means the quotient of 39 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Subordinated Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED
No. R-[●]

INITIAL DOLLAR PRINCIPAL AMOUNT
$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face

of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Subordinated Note shall be made to the registered holder of this Series 2017-1 Subordinated Note.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

The registered holder of this Series 2017-1 Subordinated Note, by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of this Series 2017-1 Subordinated Note and upon all future holders of this Series 2017-1 Subordinated

Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Subordinated Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Increase Date shall occur on _____.

2. The Increase Amount shall be _____.

3. The Increase is to [fund a Transfer] [is in respect of a Refinancing].

4. Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Subordinated Supplemental Indenture**")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on _____.

2. The Decrease Amount shall be _____.

3. Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~[21],~~21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Subordinated Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchaser 3
3.2 Delivery 3
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount 3
3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount 4
3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount 5
3.6 Interest; Other Amounts 5
3.7 Repayment of Principal 6
3.8 Indemnification by the Issuer 6
3.9 Taxes 6
3.10 Increased Costs 7

ARTICLE 4 CONDITIONS PRECEDENT 9
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes 9
4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes 10

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 11
5.1 Representations and Warranties of the Issuer 11
5.2 Representations and Warranties of the Purchaser 12
5.3 Survival 12

ARTICLE 6 COVENANTS 12
6.1 Covenants of the Issuer 12

ARTICLE 7 ACCELERATION 13
7.1 Acceleration of Series 2017-1 Subordinated Principal Amount 13

ARTICLE 8 GENERAL 13
8.1 Successor and Assigns 13

TABLE OF CONTENTS
(continued)

Page

8.2 Waiver 14
8.3 Notice 14
8.4 No Waiver: Remedies 14
8.5 Entire Agreement 14
8.6 Governing Law and Attornment 15
8.7 Acknowledgment of Trust Indenture and No Proceedings 15
8.8 Expenses 15
8.9 Further Assurances 15
8.10 Confidentiality ~~16~~**15**
8.11 Limitation of Liability of Issuer Trustee ~~17~~**16**
8.12 Execution in Counterparts 17
8.13 Delivery of Executed Copies 17

FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ~~[21],~~**21,** 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~February~~**January**, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day **on or** prior to December ~~[21],~~**21,** 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated

Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(b)(iii), 7.08(b)(iii), 7.10(b) or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net

income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by

the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02**(a)** of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each

Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) **if the Increase Date is on or after May 1, 2021,** an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to

DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, ~~substantially in the form of Exhibit E (the "**Transfer Supplement**")~~ **in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer**.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

~~(a)~~ The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

~~(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.~~

~~(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.~~

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee and the Purchaser all reasonable costs and expenses in connection with the preparation, execution, and delivery of this

Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser, with respect thereto; (b) to the Indenture Trustee and the Purchaser, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing

prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its

capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.13 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means ~~the weighted average interest rate applicable to the~~**, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of** Series 2017-1 Senior Notes **from the preceding Payment Date to such Payment Date**.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed

to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof,

or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"Requisite Percentage" means the quotient of 39 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default"

hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Subordinated Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto,"

"hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

~~"**Transfer Supplement**" is defined in Section 8.1(a).~~

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~[21],~~**21,** 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED
No. R-[●]

INITIAL DOLLAR PRINCIPAL AMOUNT
$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ~~[21],~~**20,** 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $~~●~~**[●]**, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, ~~the entire unpaid amount of~~ any Principal Payment Amount **due and** payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment ~~Default~~ Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. ~~Payments~~**Except as otherwise provided in the Trust Indenture, payments** made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied ~~in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable~~**first to interest due and payable on this Series 2017-1 Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Subordinated Note**.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ~~December [21], 2017~~**●, 20●**

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

~~SERIES 2017-1~~ SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under ~~an~~**a** Trust Indenture, dated as of December ~~[21],~~**21,** 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-**1 Supplemental** Indenture ~~Supplement~~, dated as of December ~~[21],~~**21,** 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the ~~Trust~~**Base** Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, ~~the entire unpaid amount of~~ any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment ~~Default~~ Date, in accordance with Section 3.7 of the Supplemental. ~~Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the~~ <~~*Series 2017-1 Subordinated Note*~~> ~~may be paid earlier, as described in the Trust Indenture.~~ All principal payments of the Series 2017-1 Subordinated Note shall be made to ~~Ontario Power Generation Inc~~**the registered holder of this**> *Series 2017-1 Subordinated Note*<.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note ~~(or one or more predecessor Series 2017-1 Subordinated Notes)~~ on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note ~~(or one or more predecessor Series 2017-1 Subordinated Notes)~~ effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note

issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

~~Ontario Power Generation Inc., by acceptance~~**The registered holder** of this Series 2017-1 Subordinated Note, **by acceptance of this Series 2017-1 Subordinated Note,** hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon ~~Ontario Power Generation Inc.~~**the registered holder of this Series 2017-1 Subordinated Note** and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or **the** Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable ~~taxes~~**Taxes**.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, ~~201~~**20**●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

●

TO: **Ontario Power Generation Inc. ("OPG")**

AND TO: **BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")**

RE: **Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Subordinated Supplemental Indenture")**

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. **The Increase Date shall occur on _____.**

2. **The Increase Amount shall be _____.**

3. **The Increase is to [fund a Transfer] [is in respect of a Refinancing].**

4. **Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.**

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By: _____

Name:

Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

~~●~~

~~SCHEDULE E~~

~~FORM OF TRANSFER SUPPLEMENT~~

TO: Ontario Power Generation Inc. ("OPG")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Subordinated Supplemental Indenture")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on _____.

2. The Decrease Amount shall be _____.

3. Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

Document comparison by Workshare Compare on December-19-17 4:48:43 PM

Input:	
Document 1 ID	file://C:\Users\yolusoga\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\BDP8ZGDZ\Subordinated Warehouse Supplement (002).DOCX
Description	Subordinated Warehouse Supplement (002)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24463900/11
Description	#24463900v11<TorysAtWork> - Subordinated Warehouse Supplement - Fair Hydro
Rendering set	strikeout (colour)

Legend:	
Insertion	
~~Deletion~~	
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>*Moved to*<	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	104
Deletions	68
Moved from	1
Moved to	1
Style change	0
Format changed	0

Total changes	174

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December 21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 3

1.1 Definitions 3
1.2 Interpretation 3
1.3 Application of this Supplemental Indenture 4

ARTICLE 2 PRINCIPAL TERMS 4

2.1 Creation of Series 2017-1 Senior Notes 4
2.2 Principal Terms 4

ARTICLE 3 NOTE PURCHASE FACILITY 5

3.1 Purchase of Notes by the Purchasers 5
3.2 Delivery 6
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount 6
3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination 10
3.5 Increases and Reductions of the Commitments 11
3.6 Interest; Fees and Other Amounts 12
3.7 Repayment of Principal 12
3.8 Indemnification by the Issuer 13
3.9 Funding Agents 13
3.10 Taxes 14
3.11 Increased Costs 15

ARTICLE 4 CONDITIONS PRECEDENT 17

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes 17
4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes 19

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 20

5.1 Representations and Warranties of the Issuer 20
5.2 Representations and Warranties of the Purchasers 21
5.3 Survival 21

ARTICLE 6 COVENANTS 22

6.1 Covenants of the Issuer 22

ARTICLE 7 ACCELERATION 23

7.1 Acceleration of Series 2017-1 Principal Amount 23

ARTICLE 8 AGENTS 23

TABLE OF CONTENTS
(continued)

Page

8.1 Administrative Agent 23
8.2 Funding Agents 26

ARTICLE 9 GENERAL 29

9.1 Successor and Assigns 29
9.2 Waiver 32
9.3 Notice 33
9.4 No Waiver: Remedies 33
9.5 Entire Agreement 33
9.6 Governing Law and Attornment 33
9.7 Acknowledgment of Trust Indenture and No Proceedings 34
9.8 Expenses 34
9.9 Further Assurances 34
9.10 Confidentiality 34
9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions 36
9.12 Limitation of Liability of Issuer Trustee 36
9.13 Execution in Counterparts 37
9.14 Delivery of Executed Copies 37

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), **Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are

inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December 21, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group

Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On or prior to the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to December 21, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series

2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the

Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed

Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and each CP Conduit Rating Agency) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**"). If a Decrease is greater than $250,000,000, the Issuer shall provide written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and each CP Conduit Rating Agency) no later than 12:00 p.m. (Toronto time) on the 45th day prior to the Decrease Date that the Issuer intends to issue a Decrease Notice with respect to the applicable Decrease Date. If such a notice is not provided prior to the 45th day preceding the proposed Decrease Date, or if a Decrease Notice is not delivered with respect to the proposed Decrease Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to the proposed Decrease on the related Payment Date on which such Decrease was to occur.

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to each CP Conduit Rating Agency) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to each CP Conduit Rating Agency.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(b)(i), 7.08(b)(i), 7.10(b) or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it

previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the MTSA Acknowledgement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December 21, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the

Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have

received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021;

(f) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(g) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(h) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects;

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect; and

(g) the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule."

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) if such Purchaser Group is resident in Canada,

(i) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(ii) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(iii) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions; or

(b) if such Purchaser Group is resident in the United States,

(i) it is an institutional "accredited investor" within the meaning of Rule 501(a)(1),(2),(3) or (7) of the U.S. Securities Act, and (ii) is acquiring the applicable Series 2017-1 Notes for its own account or for one or more separate accounts maintained by such Purchaser Group, in each case, for investment, and not with a view to offer, transfer, assign, participate, pledge or otherwise dispose of the Series 2017-1 Notes.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not enter into any Co-Owner Agreement or make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December 21, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and

irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including,

without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to each CP Conduit Rating Agency, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties

as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this

Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to each CP Conduit Rating Agency, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to each CP Conduit Rating Agency; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify each CP Conduit Rating Agency, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii)

such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to each CP Conduit Rating Agency, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement in such form and substance as shall be acceptable to the Administrative Agent and the Issuer (acting reasonably), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to each CP Conduit Rating Agency, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating

interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to each CP Conduit Rating Agency, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Schedule F (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to each CP Conduit Rating Agency, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust

Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

Royal Bank of Canada
Attention: Ian Benaiah
200 Bay Street, Royal Bank Plaza
North Tower, 2nd Floor
Toronto, ON M5J 2W7
Fax No. 416-842-3888
Email: conduit.management@rbccm.com

9.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

9.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements.

9.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser

Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to

maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or

permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

9.14 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

ROYAL BANK OF CANADA, as Administrative Agent,

By:

Name:

Title:

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by

its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

ROYAL BANK OF CANADA,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent,
CANADIAN IMPERIAL BANK OF COMMERCE,
as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent,
CANADIAN IMPERIAL BANK OF COMMERCE,
as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

GOLDMAN SACHS BANK USA,
as a Non-Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day,

or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-

Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior

to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser

Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Senior Funding Obligations has become, or been declared, due and payable before the scheduled

payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Trust Indenture is set forth below

and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as the Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Senior Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such

purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term “the Issuer” as used in this Series 2017-1 Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

1 NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

INCREASE NOTICE

TO: Royal Bank of Canada ("**RBC"**), as Administrative Agent

AND TO: **[Funding Agents]**

AND TO: **[Non-Conduit Purchasers]**

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that an Increase in the amount of $● (the "**Increase Amount**") shall occur on ●, 20● (the "**Increase Date**"), which Increase shall be **[to fund a Transfer/is in respect of a Refinancing]**. A Delayed Funding Notice may **[not]** be delivered in connection with such Increase.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[*Signature Page Follows*]

DATED the ___ day of _____, 20___.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE D

FORM OF DECREASE NOTICE

DECREASE NOTICE

TO: Royal Bank of Canada ("RBC"), as Administrative Agent

AND TO: [Funding Agents]

AND TO: [Non-Conduit Purchasers]

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.4(a) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that a Decrease in the amount of $● (the "**Decrease Amount**") shall occur on ●, 20● (the "**Decrease Date**").

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[Signature page follows.]

DATED the ___ day of _____, 20___.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE E

PURCHASER GROUPS

CP Conduit Purchaser	**Funding Agent**	**Group Bank**	**Maximum Purchaser Group Principal Amount**
Lakeshore Trust Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	$325,000,000
SOUND Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000
SURE Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000

Non-Conduit Purchaser	**Maximum Purchaser Group Principal Amount**
Goldman Sachs Bank USA 200 West Street New York, NY 10282 Fax No.: 646-769-5285 Emails: gs-warehouse-ops@gs.com Copy to: gs-warehouse-am@gs.com	$150,000,000

SCHEDULE F
FORM OF PURCHASER GROUP SUPPLEMENT

PURCHASER GROUP SUPPLEMENT (this "Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among the Selling Purchaser Group set forth in Item 2 of Schedule I hereto (the "Selling Purchaser"), the Acquiring Purchaser Group set forth in Item 3 of Schedule I hereto (the "Acquiring Purchaser"), and the Funding Agent set forth in Item 4 of Schedule I hereto (in such capacity, the "New Funding Agent") for the Purchaser Group set forth in Item 5 of Schedule I hereto].

W I T N E S E T H:

WHEREAS, this Supplement is being executed and delivered in accordance with Section 9.1(e) of the Warehouse Senior Series 2017-1 Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, its capacity as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, and the CP Conduit Purchasers, Group Banks, Non-Conduit Purchasers and Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Supplemental Indenture"; unless otherwise defined herein, terms defined in the Supplemental Indenture are used herein as therein defined);

WHEREAS, the Acquiring Purchaser (if it is not already a Purchaser Group party to the Supplemental Indenture) wishes to become a Purchaser Group party to the Supplemental Indenture and the Acquiring Purchaser wishes to acquire and assume from the Selling Purchaser, certain of the rights, obligations and commitments under the Supplemental Indenture; and

WHEREAS, the Selling Purchaser wishes to sell and assign to the Acquiring Purchaser, certain of its rights, obligations and commitments under the Supplemental Indenture.

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the New Funding Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by the Selling Purchaser, the Acquiring Purchaser and the New Funding Agent, the New Funding Agent will promptly transmit to the Manager on behalf of the Issuer, the Indenture Trustee, the Selling Purchaser and the Acquiring Purchaser a Transfer Effective Notice, substantially in the form of Schedule III to this Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall be executed by the New Funding Agent and shall set forth, *inter alia*, the date on which the transfer effected by this Supplement shall become effective (the "Transfer Effective Date"). From and after the Transfer Effective Date, the Acquiring Purchaser shall be a Purchaser Group party to the Supplemental Indenture for all purposes thereof as a CP Conduit Purchaser or a Non-Conduit Purchaser, as specified on Schedule II to this Supplement.

(b) At or before 12:00 Noon, local time of the Selling Purchaser, on the Transfer Effective Date, the Acquiring Purchaser shall pay to the Selling Purchaser, in immediately available funds, an amount equal to the purchase price, as agreed between the Selling Purchaser and such Acquiring Purchaser (the "Purchase Price"), of the portion set forth on Schedule II hereto

being purchased by such Acquiring Purchaser of the Selling Purchaser's Maximum Purchaser Group Principal Amount (such Acquiring Purchaser's "Transferor Percentage") and other amounts owing to the Selling Purchaser under the Supplemental Indenture or otherwise in respect of the Series 2017-1 Senior Notes.

Effective upon receipt by the Selling Purchaser of the Purchase Price from the Acquiring Purchaser, the Selling Purchaser hereby irrevocably sells, assigns and transfers to the Acquiring Purchaser, without recourse, representation or warranty, and the Acquiring Purchaser hereby irrevocably purchases, takes and assumes from the Selling Purchaser, (i) the Transferor Percentage of the presently outstanding Maximum Purchaser Group Principal Amount of the Selling Purchaser and other amounts owing to the Selling Purchaser in respect of the Series 2017-1 Senior Notes, together with all instruments, documents and collateral security pertaining thereto, and (ii) the Transferor Percentage of the Selling Purchaser's Commitment Percentage and other rights, duties and obligations of the Selling Purchaser under the Supplemental Indenture.

This Supplement is intended by the parties hereto to effect a purchase by the Acquiring Purchaser and sale by the Selling Purchaser of interests in the Series 2017-1 Senior Notes, and it is not to be construed as a loan or a commitment to make a loan by the Acquiring Purchaser to the Selling Purchaser. The Selling Purchaser hereby confirms that the amount of the Series 2017-1 Maximum Principal Amount is $_____ and its Commitment Percentage thereof is _%, which equals $_____ as of _____, 20___. Upon and after the Transfer Effective Date (until further modified in accordance with the Supplemental Indenture), the Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser shall be as set forth in Schedule II to this Supplement.

(c) The Selling Purchaser has made arrangements with the Acquiring Purchaser with respect to (i) the portion, if any, to be paid, and the date or dates for payment, by the Selling Purchaser to the Acquiring Purchaser of any fees heretofore received by the Selling Purchaser pursuant to the Supplemental Indenture and Fee Letter prior to the Transfer Effective Date and (ii) the portion, if any, to be paid, and the date or dates for payment, by the Acquiring Purchaser to the Selling Purchaser of fees or interest received by the Acquiring Purchaser pursuant to the Supplemental Indenture, Fee Letter or otherwise in respect of the Series 2017-1 Senior Notes from and after the Transfer Effective Date.

(d) (i) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Selling Purchaser in respect of the Series 2017-1 Senior Notes shall, instead, be payable to or for the account of the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement.

(ii) All interest, fees and other amounts that would otherwise accrue for the account of the Selling Purchaser from and after the Transfer Effective Date pursuant to the Supplemental Indenture and Fee Letter or in respect of the Series 2017-1 Senior Notes shall, instead, accrue for the account of, and be payable to or for the account of, the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by the Acquiring Purchaser, the Selling Purchaser and the Acquiring Purchaser will make appropriate

arrangements for payment by the Selling Purchaser to the Acquiring Purchaser of such amount upon receipt thereof from the New Funding Agent.

(e) Concurrently with the execution and delivery hereof, the Acquiring Purchaser will deliver to the New Funding Agent and the Issuer the forms, if any, required by subsection 3.10(b) of the Supplemental Indenture.

(f) Each of the parties to this Supplement agrees and acknowledges that (i) at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement, and (ii) the New Funding Agent shall apply each payment made to it under the Supplemental Indenture, whether in its individual capacity or as Agent, in accordance with the provisions of the Supplemental Indenture, as appropriate.

(g) By executing and delivering this Supplement, the Selling Purchaser and the Acquiring Purchaser confirm to and agree with each other, the Funding Agents (including the New Funding Agent), the CP Conduit Purchasers, the Group Banks and the Non-Conduit Purchasers as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Supplemental Indenture or any related documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Supplemental Indenture or any other instrument or document furnished pursuant thereto; (ii) the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to the Issuer, the financial condition of the Issuer or the Indenture Trustee or the performance or observance by the Issuer or the Indenture Trustee of any of their respective obligations under the Supplemental Indenture or any other instrument or document furnished pursuant hereto; (iii) the Acquiring Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iv) the Acquiring Purchaser will, independently and without reliance upon the Administrative Agent, any Funding Agent (as defined in the Supplemental Indenture), the Selling Purchaser or any other Purchaser Group and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Supplemental Indenture or the related documents; (v) the Acquiring Purchaser appoints and authorizes the New Funding Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Supplemental Indenture and any related documents as are delegated to the New Funding Agent or the Administrative Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article 8 of the Supplemental Indenture; and (vi) the Acquiring Purchaser agrees (for the benefit of the Selling Purchaser, the Administrative Agent, the Funding Agents (as defined in the Supplemental Indenture), the Group Banks, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Issuer and the Indenture Trustee) that it will perform in accordance with their terms all of the obligations which by the terms of the Supplemental Indenture are required to be performed by it as a Purchaser Group and that its rights under the Series 2017-1 Senior Notes are subject to the terms and conditions of the Supplemental Indenture (including section 9.7 thereof).

(h) Schedule II hereto sets forth the revised Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser as well as administrative information with respect to the Acquiring Purchaser.

(i) **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.**

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO
PURCHASER GROUP SUPPLEMENT

COMPLETION OF INFORMATION AND
SIGNATURES FOR PURCHASER GROUP SUPPLEMENT

Re: Supplemental Indenture, dated as of December 21, 2017, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent

Item 1: Date of Purchaser Group Supplement:
Item 2: Selling Purchaser:
Item 3: Acquiring Purchaser:
Item 4: Name of New Funding Agent:
Item 5: Name of Purchaser Group:
Item 6: Signatures of Parties to Agreement:

_____
as Selling Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

_____

as Acquiring Purchaser

By: _____

Name:
Title:

By: _____

Name:
Title:

CONSENTED TO AND ACCEPTED BY:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

ROYAL BANK OF CANADA,

as Administrative Agent

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE II TO
PURCHASER GROUP SUPPLEMENT

LIST OF ADDRESSES FOR NOTICES, ASSIGNED INTERESTS AND COMMITMENT PERCENTAGES

[Selling Purchaser]

A. Purchaser Group Commitment Percentage:

Selling Purchaser Commitment Percentage Prior to Sale:	_____%
Commitment Percentage Sold:	_____%
Commitment Percentage Retained:	_____%

B. Series 2017-1 Maximum Principal Amount:

Selling Purchaser Portion of Series 2017-1 Maximum Principal Amount Prior to Sale:	_____%
Portion of Series 2017-1 Maximum Principal Amount Sold:	_____%
Portion of Series 2017-1 Maximum Principal Amount Retained:	_____%

[Acquiring Purchaser]

A. Purchaser Group Commitment Percentage:

Transferee Purchaser Commitment Percentage After Sale:	_____%

B. Series 2017-1 Maximum Principal Amount:

Transferee Purchaser Portion of Series 2017-1 Maximum Principal Amount After Sale:	_____%

Address for Notices:

SCHEDULE III TO
PURCHASER GROUP SUPPLEMENT

Form of
Transfer Effective Notice

To: [Name and address of Seller,
Servicer, Trust, Administrative
Agent, Selling Purchaser and
Acquiring Purchaser]

The undersigned, as New Funding Agent under the Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent, acknowledges receipt of five executed counterparts of a completed Purchaser Group Supplement. [Note: attach copies of Schedules I and II from such Purchaser Group Supplement.] Terms defined in such Purchaser Group Supplement are used herein as therein defined.

Pursuant to such Purchaser Group Supplement, you are advised that the Transfer Effective Date will be _____, _____.

Very truly yours,

[NAME OF NEW FUNDING AGENT]

By: _____
Name:
Title:

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December ~~[21]~~21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 3

1.1 Definitions 3
1.2 Interpretation 3
1.3 Application of this Supplemental Indenture 4

ARTICLE 2 PRINCIPAL TERMS 4

2.1 Creation of Series 2017-1 Senior Notes 4
2.2 Principal Terms 4

ARTICLE 3 NOTE PURCHASE FACILITY 5

3.1 Purchase of Notes by the Purchasers 5
3.2 Delivery 6
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount 6
3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination 10
3.5 Increases and Reductions of the Commitments 11
3.6 Interest; Fees and Other Amounts 12
3.7 Repayment of Principal 12
3.8 Indemnification by the Issuer 13
3.9 Funding Agents 13
3.10 Taxes 14
3.11 Increased Costs 15

ARTICLE 4 CONDITIONS PRECEDENT 17

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes 17
4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes 19

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 20

5.1 Representations and Warranties of the Issuer 20
5.2 Representations and Warranties of the Purchasers 21
5.3 Survival 21

ARTICLE 6 COVENANTS 21

6.1 Covenants of the Issuer 21

ARTICLE 7 ACCELERATION 23

7.1 Acceleration of Series 2017-1 Principal Amount 23

ARTICLE 8 AGENTS 23

TABLE OF CONTENTS
(continued)

Page

8.1 Administrative Agent 23
8.2 Funding Agents 26

ARTICLE 9 GENERAL 29

9.1 Successor and Assigns 29
9.2 Waiver 32
9.3 Notice 32
9.4 No Waiver: Remedies 33
9.5 Entire Agreement 33
9.6 Governing Law and Attornment 33
9.7 Acknowledgment of Trust Indenture and No Proceedings 33
9.8 Expenses ~~33~~34
9.9 Further Assurances 34
9.10 Confidentiality 34
9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions ~~35~~36
9.12 Limitation of Liability of Issuer Trustee 36
9.13 Execution in Counterparts 37
9.14 Delivery of Executed Copies 37

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of December ~~[21],~~21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), **Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust

Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December ~~[21],~~21, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or

increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On or prior to the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to December ~~[21],~~21, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by

email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with

respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described

below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser

Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and ~~DBRS~~each CP Conduit Rating Agency) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date~~; provided that if the~~. *Each Decrease Notice shall state *(x) the Decrease Date, and (y)* the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").* If a Decrease is greater than $250,000,000, the ~~Decrease Notice shall, subject to the second following sentence, be provided~~Issuer shall provide written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and each CP Conduit Rating Agency) no

later than 12:00 p.m. (Toronto time) on the 45th day prior to ~~any Payment~~the Decrease Date that ~~is a Decrease Date. If~~the Issuer intends to issue a Decrease Notice with respect to ~~a~~the applicable Decrease ~~of $250,000,000 or more~~Date. If such a notice is not provided prior to the 45th day preceding the ~~related Payment~~proposed Decrease Date, or if a Decrease Notice is not delivered with respect to the proposed Decrease Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to ~~such~~the proposed Decrease on the related Payment Date. ~~*Each Decrease Notice shall state *(x) the Decrease Date, and (y)* the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").*~~ on which such Decrease was to occur.

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to ~~DBRS~~each CP Conduit Rating Agency) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written

consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to ~~DBRS~~each CP Conduit Rating Agency.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and

Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(b)(i), 7.08(b)(i), 7.10(b) or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the

related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the ~~U.S.~~ Internal Revenue Code ~~of 1986, as amended~~ ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act ~~(Canada), as amended~~ (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible

thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party

(through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (~~i~~A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (~~ii~~B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the ~~Trust~~Issuer of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (~~B~~ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the MTSA Acknowledgement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December ~~[21],~~21, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO

and the Manager certified by an Authorized Officer of the applicable entity~~, as applicable~~;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(~~b~~c)(~~vi~~v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the

Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

~~(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;~~

(e) ~~(f)~~ after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any ~~o~~Obligations ~~s~~Secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, ~~2021~~ 2021;

(f) ~~(g)~~ there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(g) ~~(h)~~ after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(h) ~~(i)~~ the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.~~;~~

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; ~~and~~

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect~~.~~; and

(g) the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule."

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) if such Purchaser Group is resident in Canada,

(i) ~~(a)~~ it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(ii) ~~(b)~~ it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(iii) ~~(c)~~ it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions; or

(b) if such Purchaser Group is resident in the United States,

(i) it is an institutional "accredited investor" within the meaning of Rule 501(a)(1),(2),(3) or (7) of the U.S. Securities Act, and (ii) is acquiring the applicable Series 2017-1 Notes for its own account or for one or more separate accounts maintained by such Purchaser Group, in each case, for investment, and not with a view to offer, transfer, assign, participate, pledge or otherwise dispose of the Series 2017-1 Notes.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not enter into any Co-Owner Agreement or make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December ~~[21],~~21, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due

and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection

with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to ~~DBRS~~each CP Conduit Rating Agency, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit

Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative

Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of

this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to ~~DBRS~~each CP Conduit Rating Agency, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks

represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to ~~DBRS~~each CP Conduit Rating Agency; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this

Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify ~~DBRS~~each CP Conduit Rating Agency, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement~~, substantially in the form of Exhibit H (the "**Transfer Supplement**"~~ in such form and substance as shall be acceptable to the Administrative Agent and the Issuer (acting reasonably), executed by such Acquiring Group Bank, such assigning Group Bank, the

Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of ~~Exhibit I~~Schedule F (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding

Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit

Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

Royal Bank of Canada ~~**[NTD: Oslers to provide]**~~
Attention: Ian Benaiah
200 Bay Street, Royal Bank Plaza
North Tower, 2nd Floor
Toronto, ON M5J 2W7
Fax No. 416-842-3888
Email: conduit.management@rbccm.com

9.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise

of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

9.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements.

9.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit

Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this

Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

9.14 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

ROYAL BANK OF CANADA, as Administrative Agent,

By:

Name:

Title:

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

~~**[NTD: Detailed signing pages to be prepared.]**~~

By: _____
Name:
Title:

By: _____
Name:
Title:

ROYAL BANK OF CANADA,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent,
CANADIAN IMPERIAL BANK OF COMMERCE,
as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

~~**SCHEDULE A**~~**COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE,**

as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

GOLDMAN SACHS BANK USA,
as a Non-Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the ~~preamble~~recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000

definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an

Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group

unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or

certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Senior Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" ~~is defined~~has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of December ~~[21],~~ 21, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED

No. R [●]

INITIAL DOLLAR PRINCIPAL AMOUNT

$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■~~,~~20, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the ~~Indenture Supplement~~Supplemental; provided, that, ~~the entire unpaid amount of~~ any Principal Payment Amount due and payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment ~~Default~~ Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the ~~Indenture Supplement~~Supplemental on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the ~~Indenture Supplement~~Supplemental. Pursuant to Sections 3.3 and 3.4 of the ~~Indenture Supplement~~Supplemental, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the ~~Indenture Supplement~~Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the ~~Indenture Supplement~~Supplemental, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Trust Indenture ~~or the Indenture Supplement~~ referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:
Name:
Title:

By:
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within -mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

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FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as ~~its Fair Hydro Trust,~~the Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under ~~an~~a Trust Indenture, dated as of December ~~[21],~~21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Senior Series 2017-1 Supplemental Indenture~~ Supplement~~, dated as of December ~~[21],~~21, 2017 (the "~~**Indenture Supplement**~~**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the ~~Indenture Supplement~~Supplemental. Except as set forth in the ~~Indenture Supplement~~Supplemental, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the ~~Indenture Supplement~~Supplemental shall have the meanings assigned to them in or pursuant to the ~~Indenture Supplement~~Supplemental.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, ~~the entire unpaid amount of~~ any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment ~~Default~~ Date, in accordance with Section 3.7 of the ~~Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture~~Supplemental. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the ~~Indenture Supplement~~Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued

upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with

certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable ~~t~~Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

INCREASE NOTICE

TO:	Royal Bank of Canada ("**RBC**"), as Administrative Agent
AND TO:	**[Funding Agents]**
AND TO:	**[Non-Conduit Purchasers]**
AND TO:	BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")
RE:	Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that an Increase in the amount of $● (the "**Increase Amount**") shall occur on ●, 20● (the "**Increase Date**"), which Increase shall be **[to fund a Transfer/is in respect of a Refinancing]**. A Delayed Funding Notice may **[not]** be delivered in connection with such Increase.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[*Signature Page Follows*]

DATED the ___ day of _____, 20___.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

SCHEDULE D

FORM OF DECREASE NOTICE

DECREASE NOTICE

TO: Royal Bank of Canada ("RBC"), as Administrative Agent

AND TO: [Funding Agents]

AND TO: [Non-Conduit Purchasers]

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.4(a) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that a Decrease in the amount of $● (the "**Decrease Amount**") shall occur on ●, 20● (the "**Decrease Date**").

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[Signature page follows.]

DATED the___ day of_____, 20___.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

SCHEDULE E

PURCHASER GROUPS

CP Conduit Purchaser	Funding Agent	Group Bank	Maximum Purchaser Group Principal Amount
Lakeshore Trust Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	$325,000,000
SOUND Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000
SURE Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000

Non-Conduit Purchaser	Maximum Purchaser Group Principal Amount
Goldman Sachs Bank USA 200 West Street New York, NY 10282 Fax No.: 646-769-5285 Emails: gs-warehouse-ops@gs.com Copy to: gs-warehouse-am@gs.com	$150,000,000

SCHEDULE F
FORM OF PURCHASER GROUP SUPPLEMENT

PURCHASER GROUP SUPPLEMENT (this "Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among the Selling Purchaser Group set forth in Item 2 of Schedule I hereto (the "Selling Purchaser"), the Acquiring Purchaser Group set forth in Item 3 of Schedule I hereto (the "Acquiring Purchaser"), and the Funding Agent set forth in Item 4 of Schedule I hereto (in such capacity, the "New Funding Agent") for the Purchaser Group set forth in Item 5 of Schedule I hereto].

W I T N E S E T H:

WHEREAS, this Supplement is being executed and delivered in accordance with Section 9.1(e) of the Warehouse Senior Series 2017-1 Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, its capacity as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, and the CP Conduit Purchasers, Group Banks, Non-Conduit Purchasers and Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Supplemental Indenture"; unless otherwise defined herein, terms defined in the Supplemental Indenture are used herein as therein defined);

WHEREAS, the Acquiring Purchaser (if it is not already a Purchaser Group party to the Supplemental Indenture) wishes to become a Purchaser Group party to the Supplemental Indenture and the Acquiring Purchaser wishes to acquire and assume from the Selling Purchaser, certain of the rights, obligations and commitments under the Supplemental Indenture; and

WHEREAS, the Selling Purchaser wishes to sell and assign to the Acquiring Purchaser, certain of its rights, obligations and commitments under the Supplemental Indenture.

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the New Funding Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by the Selling Purchaser, the Acquiring Purchaser and the New Funding Agent, the New Funding Agent will promptly transmit to the Manager on behalf of the Issuer, the Indenture Trustee, the Selling Purchaser and the Acquiring Purchaser a Transfer Effective Notice, substantially in the form of Schedule III to this Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall be executed by the New Funding Agent and shall set forth, *inter alia*, the date on which the transfer effected by this Supplement shall become effective (the "Transfer Effective Date"). From and after the Transfer Effective Date, the Acquiring Purchaser shall be a Purchaser Group party to the Supplemental Indenture for all purposes thereof as a CP Conduit Purchaser or a Non-Conduit Purchaser, as specified on Schedule II to this Supplement.

(b) At or before 12:00 Noon, local time of the Selling Purchaser, on the Transfer Effective Date, the Acquiring Purchaser shall pay to the Selling Purchaser, in

immediately available funds, an amount equal to the purchase price, as agreed between the Selling Purchaser and such Acquiring Purchaser (the "Purchase Price"), of the portion set forth on Schedule II hereto being purchased by such Acquiring Purchaser of the Selling Purchaser's Maximum Purchaser Group Principal Amount (such Acquiring Purchaser's "Transferor Percentage") and other amounts owing to the Selling Purchaser under the Supplemental Indenture or otherwise in respect of the Series 2017-1 Senior Notes.

Effective upon receipt by the Selling Purchaser of the Purchase Price from the Acquiring Purchaser, the Selling Purchaser hereby irrevocably sells, assigns and transfers to the Acquiring Purchaser, without recourse, representation or warranty, and the Acquiring Purchaser hereby irrevocably purchases, takes and assumes from the Selling Purchaser, (i) the Transferor Percentage of the presently outstanding Maximum Purchaser Group Principal Amount of the Selling Purchaser and other amounts owing to the Selling Purchaser in respect of the Series 2017-1 Senior Notes, together with all instruments, documents and collateral security pertaining thereto, and (ii) the Transferor Percentage of the Selling Purchaser's Commitment Percentage and other rights, duties and obligations of the Selling Purchaser under the Supplemental Indenture.

This Supplement is intended by the parties hereto to effect a purchase by the Acquiring Purchaser and sale by the Selling Purchaser of interests in the Series 2017-1 Senior Notes, and it is not to be construed as a loan or a commitment to make a loan by the Acquiring Purchaser to the Selling Purchaser. The Selling Purchaser hereby confirms that the amount of the Series 2017-1 Maximum Principal Amount is $ and its Commitment Percentage thereof is %, which equals $ as of , 20 . Upon and after the Transfer Effective Date (until further modified in accordance with the Supplemental Indenture), the Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser shall be as set forth in Schedule II to this Supplement.

(c) The Selling Purchaser has made arrangements with the Acquiring Purchaser with respect to (i) the portion, if any, to be paid, and the date or dates for payment, by the Selling Purchaser to the Acquiring Purchaser of any fees heretofore received by the Selling Purchaser pursuant to the Supplemental Indenture and Fee Letter prior to the Transfer Effective Date and (ii) the portion, if any, to be paid, and the date or dates for payment, by the Acquiring Purchaser to the Selling Purchaser of fees or interest received by the Acquiring Purchaser pursuant to the Supplemental Indenture, Fee Letter or otherwise in respect of the Series 2017-1 Senior Notes from and after the Transfer Effective Date.

(d) (i) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Selling Purchaser in respect of the Series 2017-1 Senior Notes shall, instead, be payable to or for the account of the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement.

(ii) All interest, fees and other amounts that would otherwise accrue for the account of the Selling Purchaser from and after the Transfer Effective Date pursuant to the Supplemental Indenture and Fee Letter or in respect of the Series 2017-1 Senior Notes shall, instead, accrue for the account of, and be payable to or for the account of, the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as

reflected in this Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by the Acquiring Purchaser, the Selling Purchaser and the Acquiring Purchaser will make appropriate arrangements for payment by the Selling Purchaser to the Acquiring Purchaser of such amount upon receipt thereof from the New Funding Agent.

(e) Concurrently with the execution and delivery hereof, the Acquiring Purchaser will deliver to the New Funding Agent and the Issuer the forms, if any, required by subsection 3.10(b) of the Supplemental Indenture.

(f) Each of the parties to this Supplement agrees and acknowledges that (i) at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement, and (ii) the New Funding Agent shall apply each payment made to it under the Supplemental Indenture, whether in its individual capacity or as Agent, in accordance with the provisions of the Supplemental Indenture, as appropriate.

(g) By executing and delivering this Supplement, the Selling Purchaser and the Acquiring Purchaser confirm to and agree with each other, the Funding Agents (including the New Funding Agent), the CP Conduit Purchasers, the Group Banks and the Non-Conduit Purchasers as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Supplemental Indenture or any related documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Supplemental Indenture or any other instrument or document furnished pursuant thereto; (ii) the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to the Issuer, the financial condition of the Issuer or the Indenture Trustee or the performance or observance by the Issuer or the Indenture Trustee of any of their respective obligations under the Supplemental Indenture or any other instrument or document furnished pursuant hereto; (iii) the Acquiring Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iv) the Acquiring Purchaser will, independently and without reliance upon the Administrative Agent, any Funding Agent (as defined in the Supplemental Indenture), the Selling Purchaser or any other Purchaser Group and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Supplemental Indenture or the related documents; (v) the Acquiring Purchaser appoints and authorizes the New Funding Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Supplemental Indenture and any related documents as are delegated to the New Funding Agent or the Administrative Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article 8 of the Supplemental Indenture; and (vi) the Acquiring Purchaser agrees (for the benefit of the Selling Purchaser, the Administrative Agent, the Funding Agents (as defined in the Supplemental Indenture), the Group Banks, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Issuer and the Indenture Trustee) that it will perform in accordance with their terms all of the obligations which by the terms of the Supplemental Indenture are

required to be performed by it as a Purchaser Group and that its rights under the Series 2017-1 Senior Notes are subject to the terms and conditions of the Supplemental Indenture (including section 9.7 thereof).

(h) Schedule II hereto sets forth the revised Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser as well as administrative information with respect to the Acquiring Purchaser.

(i) **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.**

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO
PURCHASER GROUP SUPPLEMENT

COMPLETION OF INFORMATION AND
SIGNATURES FOR PURCHASER GROUP SUPPLEMENT

Re: Supplemental Indenture, dated as of December 21, 2017, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent

Item 1: Date of Purchaser Group Supplement:
Item 2: Selling Purchaser:
Item 3: Acquiring Purchaser:
Item 4: Name of New Funding Agent:
Item 5: Name of Purchaser Group:
Item 6: Signatures of Parties to Agreement:

_____
as Selling Purchaser

By:
Name:
Title:

By:
Name:
Title:

as Acquiring Purchaser

By:
Name:
Title:

By:
Name:
Title:

CONSENTED TO AND ACCEPTED BY:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:
Name:
Title:

By:
Name:
Title:

ROYAL BANK OF CANADA,

as Administrative Agent

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE II TO
PURCHASER GROUP SUPPLEMENT

LIST OF ADDRESSES FOR NOTICES, ASSIGNED INTERESTS AND COMMITMENT PERCENTAGES

[Selling Purchaser]

A. Purchaser Group Commitment Percentage:

Selling Purchaser Commitment Percentage Prior to Sale:	_____%
Commitment Percentage Sold:	_____%
Commitment Percentage Retained:	_____%

B. Series 2017-1 Maximum Principal Amount:

Selling Purchaser Portion of Series 2017-1 Maximum Principal Amount Prior to Sale:	_____%
Portion of Series 2017-1 Maximum Principal Amount Sold:	_____%
Portion of Series 2017-1 Maximum Principal Amount Retained:	_____%

[Acquiring Purchaser]

A. Purchaser Group Commitment Percentage:

Transferee Purchaser Commitment Percentage After Sale:	_____%

B. Series 2017-1 Maximum Principal Amount:

Transferee Purchaser Portion of Series 2017-1 Maximum Principal Amount After Sale:	_____%

Address for Notices:

SCHEDULE III TO
PURCHASER GROUP SUPPLEMENT

Form of
Transfer Effective Notice

To: [Name and address of Seller, Servicer, Trust, Administrative Agent, Selling Purchaser and Acquiring Purchaser]

The undersigned, as New Funding Agent under the Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent, acknowledges receipt of five executed counterparts of a completed Purchaser Group Supplement. [Note: attach copies of Schedules I and II from such Purchaser Group Supplement.] Terms defined in such Purchaser Group Supplement are used herein as therein defined.

Pursuant to such Purchaser Group Supplement, you are advised that the Transfer Effective Date will be .

Very truly yours,

[NAME OF NEW FUNDING AGENT]

By:
Name:
Title:

From: Ronald Kwan on behalf of Saulnier, Brett

To: Anna Strathy; "dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; Gadi Mayman; Hunter, Rosalind; Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); VINER, JON; PRESTAGE, JA; Daniel Cayley (ENERGY); "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; "Alvi, Shariq"; Innes, Michael; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; Sebastiano, Rocco; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; Fullerton, Rick; "Lively, Pamela"; Adam, Ahmad; Krowles, Geralyn; Morris, Eleonore; Peter Hamilton; Michael Boll; Anthony Martinello (Anthony.Martinello@ieso.ca); Jeannette Briggs (jeannette.briggs@ieso.ca); kim.marshall@ieso.ca; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Olusoga, Yinka; Prado, Melissa; Dost, Mitchell; Mansoori, Nina

Subject: FW: Fair Hydro -- Warehouse Financing Closing Call

-----Original Appointment-----
From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December-19-17 16:58
Subject: Fair Hydro -- Warehouse Financing Closing Call
When: December-21-17 09:00-09:30 (UTC-05:00) Eastern Time (US & Canada).
Where: 416.981.9072 or 1.800.600.0998; Passcode: 7614505#

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From:	Ronald Kwan
To:	John Kim; Bruno Amara
Cc:	Gavin He
Subject:	FW: Fair Hydro Business Issues
Date:	Monday, June 26, 2017 5:57:14 PM
Attachments:	Financing Plan_May 2017.pdf

From: Gadi Mayman
Sent: June-25-17 19:26
To: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: Fw: Fair Hydro Business Issues

Jim's reminded me that he's also away meeting with investors until Thursday, so I've added Carlos to the list for a Capital Markets perspective when we get together.

Gadi

From: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>
Sent: Sunday, June 25, 2017 6:52 PM
To: Gadi Mayman; Mike Manning; Ronald Kwan; Ken Kandeepan; James Devine
Cc: Anna Strathy
Subject: RE: Fair Hydro Business Issues

FYI – this may provide helpful context. From OPG last week.

From: Nelms, Scott (MOF)
Sent: June-25-17 5:58 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Devine, James (OFA)
Cc: Strathy, Anna (OFA)
Subject: RE: Fair Hydro Business Issues

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Wednesday for the internal meeting you're suggesting, Scott.

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I would suggest we try and have an internal conversation later this week to discuss where we are on each of these in order to be ready to meet with OPG the following week.

Let me know if this makes sense or if I am missing anything.

Thanks,

Scott

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Financing Plan

ONTARIO POWER GENERATION

Financing Plan

Highlights:

- Legislation as currently drafted provides for a framework to implement the Fair Hydro Plan Act:
  - (i) to allow flexibility in OPG's corporate structure and to enable OPG to raise financing through public offerings of debt
  - (ii) for a regulatory asset consisting of the right to recover over time the amount of the Global Adjustment being deferred, together with interest and other costs
- Regulations and principal agreement need to be negotiated and agreed to in order to provide a completely financeable program
- A Financing Entity will be set up that will hold the claim on future customers and the debt issued to fund the payment to the IESO for the regulatory asset
- The GA financing platform will be developed to access both the Canadian and US markets in order to access best pricing and flexibility
- OPG will provide services to the Financing Entity including financings via a financial service and management agreement

Financing Plan – Structure

Illustration based on $2.5B GA Funding

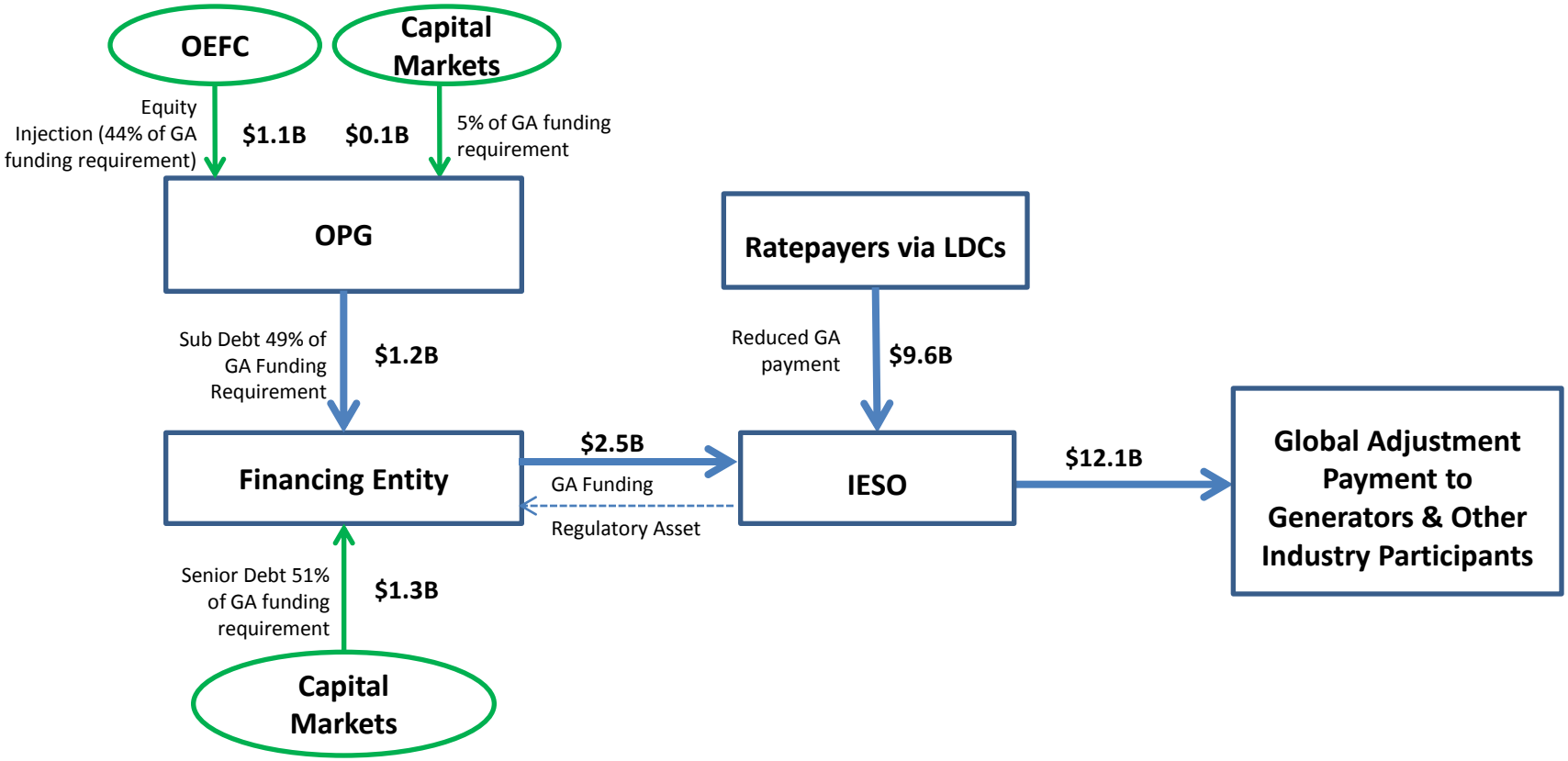

Financing Plan - Components

- Debt components are:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via Province	39%
Tranche C Sub Debt	the most risky	OPG via Province	5%
		OPG via Capital Markets	5%

Financing Plan – Rationale

The rationale for the structural debt percentages are:

- **Minimum of 51% from the Capital Markets**
  - Required from an accounting treatment perspective in order to consolidate the Financing Entity on OPG's financial statements, otherwise the debt is consolidated with the Province
  - Accounting treatment also requires OPG to direct the activities of the Financing Entity, and that the Province not directly or indirectly fund (through debt or equity) more than 50% of the Financing Entity to allow for OPG consolidation
- **Minimum Provincial equity contribution of up to 44%**
  - Help to is avoids the potential risk of a credit downgrade from the rating agencies as a result of the incremental debt consolidated on OPG financial statements negatively impacting credit metrics (Funds from Operations/ Debt)
- **Minimum OPG Investment of 5% from the Capital Market**
  - OPG requires a minimal amount of debt at risk financed through OPG operating cash flows or capital market debt. To demonstrate control of the Financing Entity OPG must own >=50% of the most subordinated debt and targeted to be no less than 5% of the total debt of the Financing Entity
  - The Province must not directly or indirectly fund (through debt or equity) more than 50% of OPG's investments in the most subordinated debt of the Financing Entity to lessen the materiality of OPG's debt at risk

Financing Plan – Other Elements

Other Structural Advantages:

- **Financing Entity:**
  - Is ring-fenced from OPG as a single purpose entity with no other operations that could add risk to the OPG entity
  - Is targeting a higher credit rating than OPG and therefore will have lower financing costs than OPG in the Capital Markets
  - Will record funding revenue reflecting the growth in the deferred asset value which will mitigate the negative impact on OPG's credit rating from the debt consolidation
  - Allows for flexibility to fund debt tranches with different terms, contractual consideration and subordination
  - Subordination will play an important credit enhancement role for the senior debt, and could act as a buffer or first loss of capital in any credit event
- **Operational attributes:**
  - OPG is the Financing and Services Manager for the Financing Entity and direct its activities
  - Short term debt can be warehoused in the Financing Entity until OPG accesses the Capital Markets
  - OPG will be independently accessing the public debt markets on a commercial basis
  - Opportunity to access the US market as appropriate

Financing Plan – Overview

The Financing Plan has two main phases:

- **Net Borrowing Phase (2017-2026)**
  - During this 10 year period the debt created by the deferral of electricity charges will accumulate, together with associated interest costs & other fees, that in combination will establish the regulatory assets.
  - Monthly the Financing Entity will purchase the regulatory assets from IESO (purchase is ~$200M) as follows:
    - 51% through external capital markets (~$102M per month)
      - Initially the financing plan will access liquidity facilities at the Financing Entity level to fund and warehouse the monthly asset purchase requirement
      - On a quarterly basis when the accumulated monthly funding has reached a certain level ($300M), public debt will be offered to the market
    - Up to 49% subordinated debt in OPG
      - 44% funded through OPG via equity injections from the Province (~$88M/ month)
      - 5% funded through OPG via the capital markets (~$10M/ month)
  - Cash interest will be paid based on the lender agreements. The interest costs will be added to future borrowing requirements, and do not flow through to consumers during this period

Financing Plan – Program Overview

- **Debt Amortization Phase (2027-2046)**
  - Starting 2027, the accumulated debt created by the deferral will be recovered and paid down by 2047
  - Similar to mortgage style debt payment, a combination of principal and interest will be paid to lenders during this 20 yr period
  - Financing Entity structure continues until all the debt is repaid
  - Target to keep the charge paid by ratepayers during the amortization period to less than 10% of a customers bills to meet credit rating agency guidelines

Debt Profile & Cash Flows

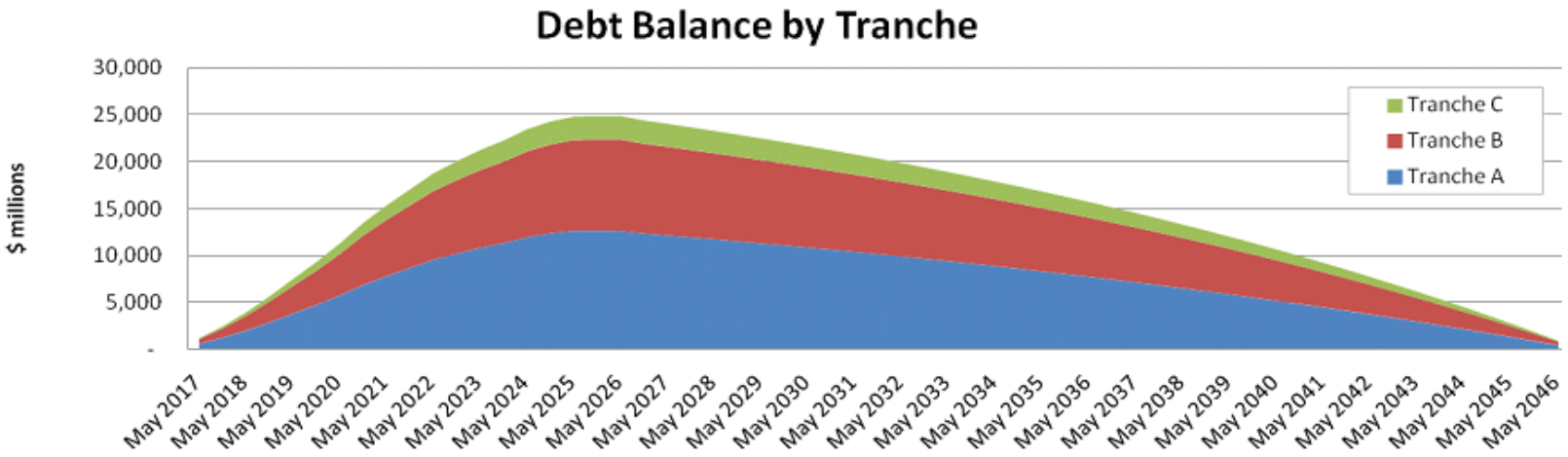

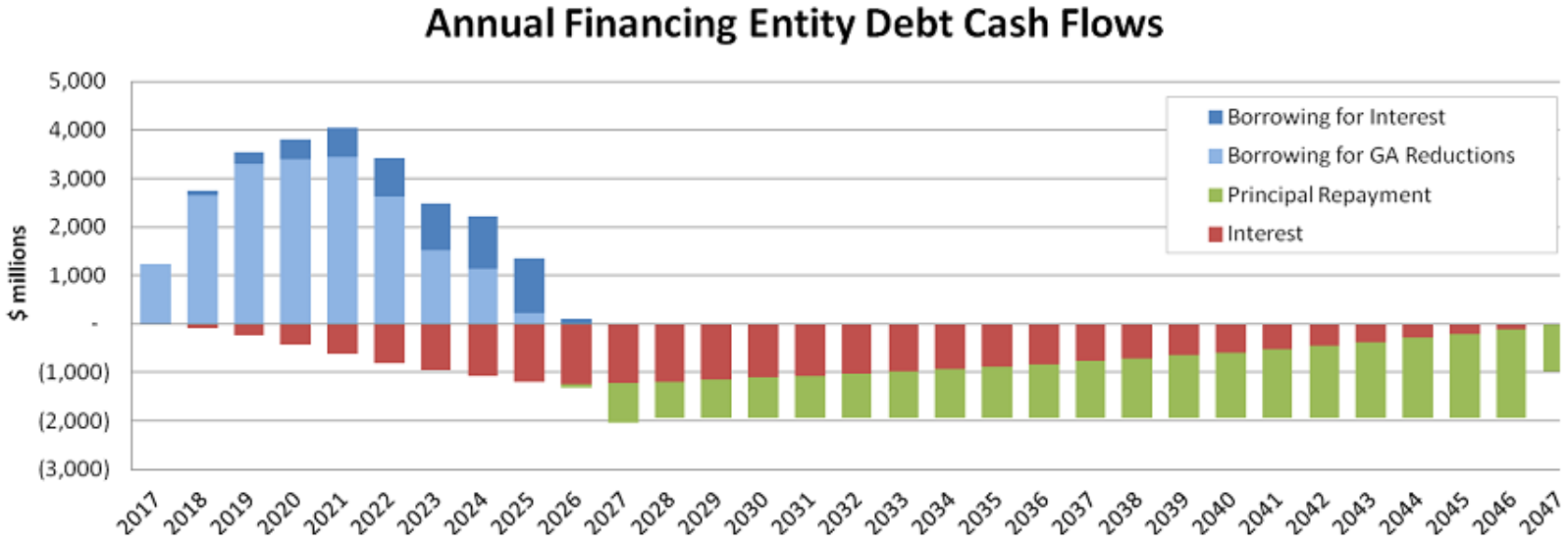

ONTARIO POWER GENERATION

Financing Plan – Funding Alternatives

Key Considerations

- There are several potential funding sources that can be considered to structure the overall financing program, including securitization (issued in Canada or the U.S.), bonds, bank financing, and subordinated debt

Short Term	
ABCP Conduit	▪ R-1(high)/P-1 credit ratings required from DBRS and Moody's (limited market capacity if these ratings are not achieved) ▪ Requires periodic take-outs to repay warehouse funding; take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10
Bank	▪ No external rating required ▪ Take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10
Long Term	
Canadian Term ABS	▪ AAA ratings required from at least two of DBRS, Moody's, S&P or Fitch (limited market capacity if these ratings are not achieved) ▪ Tenors > 10 years to be explored
Canadian Bond	▪ This type of financing has not been tested in the Canadian market ▪ AAA ratings not required to access the market ▪ Provides access to broadest investor base in the Canadian market
US Term Debt (ABS/Bonds)	▪ Proven market for securitization and higher market capacity available than Canadian Term ABS ▪ Ratings required from at least two of S&P, Moody's or Fitch (AAA required for Term ABS) ▪ Requires cross-currency swaps
Subordinated Debt	▪ Nature of subordinated debt, repayment terms/flexibility and contingent Provincial support applicable to subordinated debt will impact pricing ▪ Quantum of subordinated debt creates equity like thickness and may serve as a credit enhancement for the senior debt

Indicative Pricing Consideration

Indicative Pricing Considerations

- Although all of the debt issued by the Financing Entity is expected to be afforded the same level of protection including a provincial guarantee, a higher return on the subordinated debt (sub debt) would be required to compensate for incremental risk to the extent:
  - The rating agencies attribute a lower rating to the sub debt relative to the senior debt because of its ranking in the cash flow waterfall
  - The ratings of senior debt need to be credit enhanced by all or a portion of the sub debt as follows:
    1) Flexibility to defer charges to rate payers and hence extend the expected duration of the sub debt to manage the total amount charged to rate payers as a proportion of the total bill during the recovery period – could result in non repayment by 2047 if a hard cap is included
    2) Defer principal payments on certain classes of sub debt until more senior notes are fully repaid

Feature	Tranche B Subordinated Debt	Tranche C Subordinated Debt
	Explanation	**Explanation**
Credit Risk	Credit enhancement to Tranche A (senior debt)	Credit enhancement to Tranche A (senior debt) Act as first “loss absorber”
Duration/Tenor Premium	Same duration as Market Notes	Same duration as Market Notes
Certainty of timing of payments	Same as Market Notes but lower in the waterfall	Some additional volatility in timing of payments, but trued-up every 6 months
Liquidity Premium	Issue size expected to be similar to senior debt	Relatively small amount which will have less liquidity

From:	Ronald Kwan
To:	John Kim
Subject:	FW: Fair Hydro Business Issues
Date:	Wednesday, June 28, 2017 2:36:25 PM
Attachments:	Financing Plan_May 2017.pdf

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: June-25-17 18:53
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
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ONTARIO POWER GENERATION

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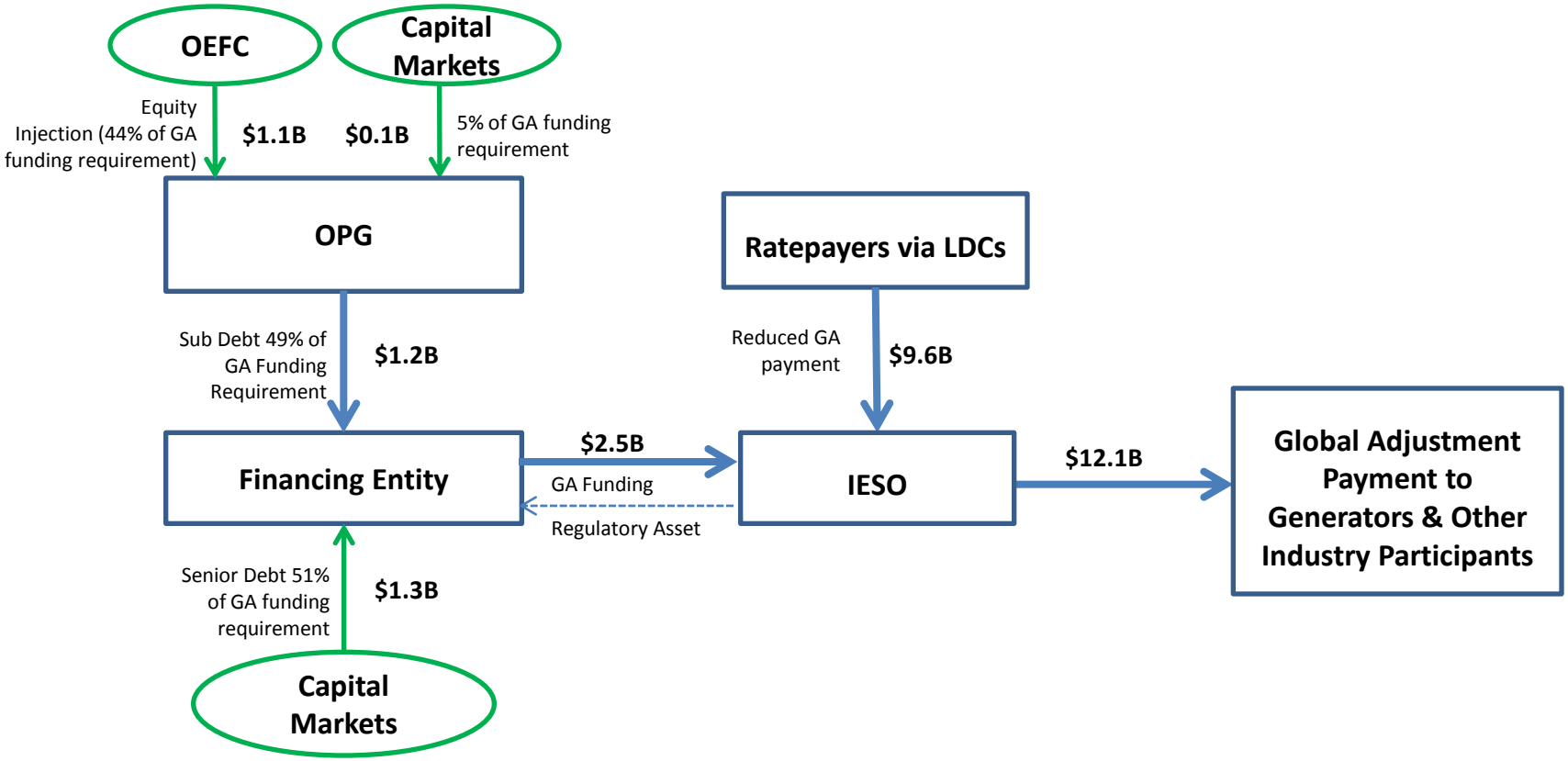

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  - Required from an accounting treatment perspective in order to consolidate the Financing Entity on OPG's financial statements, otherwise the debt is consolidated with the Province
  - Accounting treatment also requires OPG to direct the activities of the Financing Entity, and that the Province not directly or indirectly fund (through debt or equity) more than 50% of the Financing Entity to allow for OPG consolidation
- **Minimum Provincial equity contribution of up to 44%**
  - Help to is avoids the potential risk of a credit downgrade from the rating agencies as a result of the incremental debt consolidated on OPG financial statements negatively impacting credit metrics (Funds from Operations/ Debt)
- **Minimum OPG Investment of 5% from the Capital Market**
  - OPG requires a minimal amount of debt at risk financed through OPG operating cash flows or capital market debt. To demonstrate control of the Financing Entity OPG must own >=50% of the most subordinated debt and targeted to be no less than 5% of the total debt of the Financing Entity
  - The Province must not directly or indirectly fund (through debt or equity) more than 50% of OPG's investments in the most subordinated debt of the Financing Entity to lessen the materiality of OPG's debt at risk

Financing Plan – Other Elements

Other Structural Advantages:

- **Financing Entity:**
  - Is ring-fenced from OPG as a single purpose entity with no other operations that could add risk to the OPG entity
  - Is targeting a higher credit rating than OPG and therefore will have lower financing costs than OPG in the Capital Markets
  - Will record funding revenue reflecting the growth in the deferred asset value which will mitigate the negative impact on OPG's credit rating from the debt consolidation
  - Allows for flexibility to fund debt tranches with different terms, contractual consideration and subordination
  - Subordination will play an important credit enhancement role for the senior debt, and could act as a buffer or first loss of capital in any credit event
- **Operational attributes:**
  - OPG is the Financing and Services Manager for the Financing Entity and direct its activities
  - Short term debt can be warehoused in the Financing Entity until OPG accesses the Capital Markets
  - OPG will be independently accessing the public debt markets on a commercial basis
  - Opportunity to access the US market as appropriate

Financing Plan – Overview

The Financing Plan has two main phases:

- **Net Borrowing Phase (2017-2026)**
  - During this 10 year period the debt created by the deferral of electricity charges will accumulate, together with associated interest costs & other fees, that in combination will establish the regulatory assets.
  - Monthly the Financing Entity will purchase the regulatory assets from IESO (purchase is ~$200M) as follows:
    - 51% through external capital markets (~$102M per month)
      - Initially the financing plan will access liquidity facilities at the Financing Entity level to fund and warehouse the monthly asset purchase requirement
      - On a quarterly basis when the accumulated monthly funding has reached a certain level ($300M), public debt will be offered to the market
    - Up to 49% subordinated debt in OPG
      - 44% funded through OPG via equity injections from the Province (~$88M/ month)
      - 5% funded through OPG via the capital markets (~$10M/ month)
  - Cash interest will be paid based on the lender agreements. The interest costs will be added to future borrowing requirements, and do not flow through to consumers during this period

Financing Plan – Program Overview

- **Debt Amortization Phase (2027-2046)**
  - Starting 2027, the accumulated debt created by the deferral will be recovered and paid down by 2047
  - Similar to mortgage style debt payment, a combination of principal and interest will be paid to lenders during this 20 yr period
  - Financing Entity structure continues until all the debt is repaid
  - Target to keep the charge paid by ratepayers during the amortization period to less than 10% of a customers bills to meet credit rating agency guidelines

Debt Profile & Cash Flows

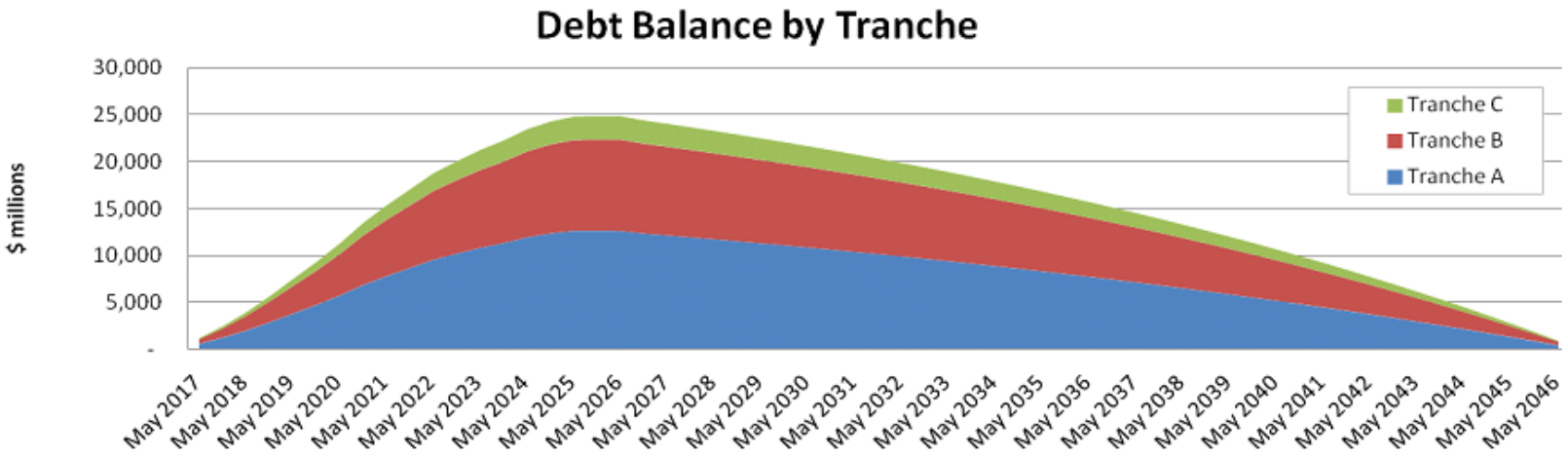

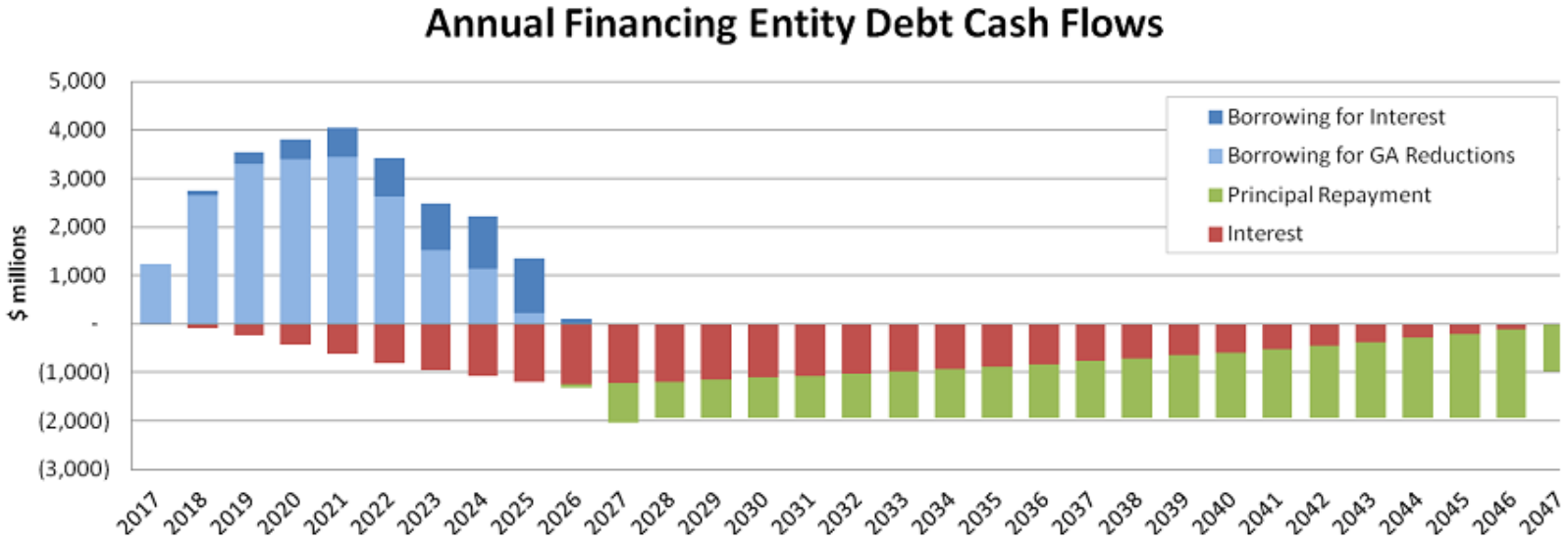

ONTARIO POWER GENERATION

Financing Plan – Funding Alternatives

Key Considerations

- There are several potential funding sources that can be considered to structure the overall financing program, including securitization (issued in Canada or the U.S.), bonds, bank financing, and subordinated debt

Short Term	
ABCP Conduit	▪ R-1(high)/P-1 credit ratings required from DBRS and Moody's (limited market capacity if these ratings are not achieved) ▪ Requires periodic take-outs to repay warehouse funding; take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10
Bank	▪ No external rating required ▪ Take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10
Long Term	
Canadian Term ABS	▪ AAA ratings required from at least two of DBRS, Moody's, S&P or Fitch (limited market capacity if these ratings are not achieved) ▪ Tenors > 10 years to be explored
Canadian Bond	▪ This type of financing has not been tested in the Canadian market ▪ AAA ratings not required to access the market ▪ Provides access to broadest investor base in the Canadian market
US Term Debt (ABS/Bonds)	▪ Proven market for securitization and higher market capacity available than Canadian Term ABS ▪ Ratings required from at least two of S&P, Moody's or Fitch (AAA required for Term ABS) ▪ Requires cross-currency swaps
Subordinated Debt	▪ Nature of subordinated debt, repayment terms/flexibility and contingent Provincial support applicable to subordinated debt will impact pricing ▪ Quantum of subordinated debt creates equity like thickness and may serve as a credit enhancement for the senior debt

Indicative Pricing Consideration

Indicative Pricing Considerations

- Although all of the debt issued by the Financing Entity is expected to be afforded the same level of protection including a provincial guarantee, a higher return on the subordinated debt (sub debt) would be required to compensate for incremental risk to the extent:
  - The rating agencies attribute a lower rating to the sub debt relative to the senior debt because of its ranking in the cash flow waterfall
  - The ratings of senior debt need to be credit enhanced by all or a portion of the sub debt as follows:
    1) Flexibility to defer charges to rate payers and hence extend the expected duration of the sub debt to manage the total amount charged to rate payers as a proportion of the total bill during the recovery period – could result in non repayment by 2047 if a hard cap is included
    2) Defer principal payments on certain classes of sub debt until more senior notes are fully repaid

Feature	Tranche B Subordinated Debt	Tranche C Subordinated Debt
	Explanation	**Explanation**
Credit Risk	Credit enhancement to Tranche A (senior debt)	Credit enhancement to Tranche A (senior debt) Act as first “loss absorber”
Duration/Tenor Premium	Same duration as Market Notes	Same duration as Market Notes
Certainty of timing of payments	Same as Market Notes but lower in the waterfall	Some additional volatility in timing of payments, but trued-up every 6 months
Liquidity Premium	Issue size expected to be similar to senior debt	Relatively small amount which will have less liquidity

From:	Hanslep, Malle (MOF)
To:	Anna Strathy
Cc:	Ken Kandeepan; Tobias P. Whitfield (MOF); Ronald Kwan; Mike Manning
Subject:	FW: Fair Hydro Trust - Term Debt Issuance Closing Books
Date:	Tuesday, March 20, 2018 12:41:56 PM

Hi – We received the USB key with the closing documents for the term loan. I will send it to Anna like I did for the warehouse facility and I think that you decided that Documentation might be a good area to take care of saving the documents. We have a USB key here too.

Thanks,

Malle

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: March 1, 2018 4:02 PM
To: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Kobrinsky, Liza (MOF); Christie, Tim (ENERGY)
Cc: Ramchandani, Rima; Mansoori, Nina
Subject: RE: Fair Hydro Trust - Term Debt Issuance Closing Books

Thanks, all. I'll confirm tomorrow morning the approximate time the courier will make the delivery.

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: March-01-18 3:59 PM
To: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Kobrinsky, Liza (MOF) <Liza.Kobrinsky@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Fair Hydro Trust - Term Debt Issuance Closing Books

Thanks. Agreed.
The recipients are fine, but would be helpful to have timing.

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth /
Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.

Ontario

From: Whitfield, Tobias P. (MOF)
Sent: March 1, 2018 2:11 PM
To: Saulnier, Brett; Hanslep, Malle (MOF); Kobrinsky, Liza (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY)
Cc: Ramchandani, Rima; Mansoori, Nina
Subject: Re: Fair Hydro Trust - Term Debt Issuance Closing Books

Brett,

Those recipients are fine for MOF.

Can you please let us know approximately when to expect the package?

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Saulnier, Brett
Sent: Thursday, March 1, 2018 12:40 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kobrinsky, Liza (MOF); Tekle, Jonathan (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY)
Cc: Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro Trust - Term Debt Issuance Closing Books

Hi all,

We will be couriering two USB copies of the closing books for the term debt financing, which closed on February 9, 2018, to each of the Ministry of Finance and Ministry of Energy tomorrow.

As for the last closing book delivery, we will give the following instructions to the courier:

- Ministry of Finance: Package will be to the attention of Liza Kobrinsky and Lejla Avdic. The courier will call Lejla Avdic at 416-325-0400 on arrival.

- Ministry of Energy: The courier will call Hillary at 416-832-0338 on arrival.

Please let us know if we should change these delivery instructions. If you also could please confirm once each package has been received, it would be much appreciated.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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From:	Anna Strathy
To:	Gadi Mayman; Ronald Kwan
Subject:	FW: Fair Hydro Trust -- Term Closing
Date:	Friday, February 09, 2018 10:48:38 AM
Attachments:	FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf

FYI, process certificate, attached.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, February 09, 2018 10:43 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

This confirms that it was delivered to DMO. Thanks.

From: Dupuis, Paul (MOF)
Sent: February 9, 2018 10:35 AM
To: Hanslep, Malle (MOF)
Cc: Krasic, Aida (MOF); McLean, David (MOF); Spadoni, Peter (MOF); Cook, Karen (MOF)
Subject: FW: Fair Hydro Trust -- Term Closing

Hi Malle,
As requested please see attached. I have also copied Karen Cook (MO Office Mgr) and Peter Spadoni (Mgr of MoF Correspondence) as it may have also been sent to their fax machines as it is also address to the Min.

Aida, can you please log and close with Malle's italicized comments in the note field and I will bring you the original incoming FAX.

Thank you,
Paul

From: McLean, David (MOF)
Sent: February 9, 2018 10:26 AM
To: Hanslep, Malle (MOF); Kobrinsky, Liza (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Dupuis, Paul (MOF)
Subject: RE: Fair Hydro Trust -- Term Closing

Will do, Malle. Copying Paul.

From: Hanslep, Malle (MOF)
Sent: February 9, 2018 10:25 AM
To: McLean, David (MOF); Kobrinsky, Liza (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro Trust -- Term Closing

Hi Dave,

Would you please scan it and send a copy to me and also to Anna Strathy? Anna: please confirm if it should be sent to you or someone else at the OFA. We do have an advance copy but think it would be prudent for you to scan and send the one you receive to us.

The delivery of this certificate is a requirement of the Process Agreement entered into by the Province and the Fair Hydro Trust in order to keep the Province advised of the Fair Hydro Trust obligations that are covered by the Province's Change of Law Assurance Agreement. Fair Hydro Trust is required to deliver the certificate prior to entering into the obligations (i.e. the closing date) and confirm a number of items to the Province including the material terms and that they are to be issued under terms and conditions substantially similar to the terms of reference documentation for the program, that the terms are in compliance with law and the Financing Plan, are of a type and terms that a reasonably prudent financial services manager would incur in similar circumstances and reflect arm's length terms and conditions.

As part of the closing of the term deal by Fair Hydro Trust, the Trust must confirm that it has delivered the certificate to the Province.

If you have any other questions please let us know.

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: McLean, David (MOF)
Sent: February 9, 2018 10:13 AM
To: Hanslep, Malle (MOF); Kobrinsky, Liza (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro Trust -- Term Closing

Yes, we received the fax. Paul in our office just picked it up. Do you need us to do anything with it (I

haven't had a chance to review it)?

From: Hanslep, Malle (MOF)
Sent: February 9, 2018 10:10 AM
To: Kobrinsky, Liza (MOF)
Cc: McLean, David (MOF); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro Trust -- Term Closing

Hi Liza,

Would you please let us know if you have received the attached certificate by fax? Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: February 8, 2018 4:40 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Mansoori, Nina
Subject: RE: Fair Hydro Trust -- Term Closing

All,

Further to Rima's email, please find attached a letter enclosing the process certificate and the agreements that Rima mentions below. The attached will be delivered by fax shortly to the each of the Ministers and Deputy Ministers at the fax numbers in the notice provisions of the Change of Law Process Agreement.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP [torys.com]

From: Ramchandani, Rima
Sent: February-08-18 2:22 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: Fair Hydro Trust -- Term Closing

Alena, Malle and Toby, hope you are all well. In case you have not been made aware, we wanted to let you know that we are closing the Fair Hydro Trust term deal tomorrow morning and will be delivering, on behalf of OPG, the required process certificate by fax to the attention of the Ministers and Deputy Ministers later today. As with the warehouse closing, Brett Saulnier from Torys will send all of you an email with a PDF of the signed process certificate and accompanying cover letter for your records.

Just FYI, you will see that the cover letter will also reference the delivery (pursuant to Section 2.01(c) of the process agreement) of a brief 2-page agreement that will be entered into between the Trust and the warehouse lenders on closing tomorrow which simply permits delivery of the decrease notice 2 business days prior to closing and repayment of the warehouse notes on a day other than the 15th business day of the month.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

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Brett Sauinier
bsauinier@torys.com
P. 416.865.8148

February 8, 2018

CONFIDENTIAL

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

RECEIVED
FEB - 9 2018
MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE

Attention: Minister of Finance
Deputy Minister of Finance

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1

Attention: Minister of Energy
Deputy Ministry of Energy

Dear Sirs/Mesdames:

Re: Fair Hydro Plan – Deliveries under Change of Law Process Agreement

Reference is made to the Change of Law Process Agreement dated as of December 21, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have their respective meanings in the Change of Law Process Agreement.

On February 9, 2018, Fair Hydro Trust (the "**Issuer**") will issue (i) C$500,000,000 aggregate principal amount of 3.357% Senior Notes due May 15, 2033, Series 2018-1 in accordance with the terms of an agency agreement dated as of February 6, 2018 among the Issuer, Ontario Power Generation Inc. ("**OPG**") and the dealers named therein, (ii) C$382,353,000 aggregate principal amount of 3.637% Subordinated Notes due May 15, 2033, Series 2018-1 and (iii) C$98,040,000 aggregate principal amount of 3.957% Junior Subordinated Notes due May 15, 2033, Series 2018-1 (collectively, the "**Funding Obligations**").

On behalf of Ontario Power Generation Inc. and pursuant to section 3.01 of the Change of Law Process Agreement, please find enclosed a Process Certificate in respect of the Funding Obligations.

On behalf of Ontario Power Generation Inc. and pursuant to section 2.01(c) of the Change of Law Process Agreement, please find enclosed one Special Payment Date Agreement in respect of each of the Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 among, *inter alios*, the Issuer, Royal Bank of Canada and BNY Trust Company of Canada (the "**Indenture Trustee**"), the Warehouse Subordinated Series 2017-1 Supplemental

Indenture dated as of December 21, 2017 among the Issuer, OPG and the Indenture Trustee and the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 among the Issuer, OPG and the Indenture Trustee (collectively, the "**Warehouse Facilities**"). Such Special Payment Date Agreements permit a partial repayment of the Warehouse Facilities using proceeds from the Funding Obligations on a date that is not the 15th day of a given calendar month and allow the decrease notice to be delivered within two business days of such repayment (rather than five business days).

Yours truly,

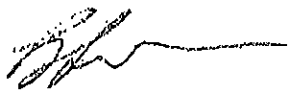

Brett Saulnier

Encl.

cc: Rima Ramchandani, *Torys LLP*
John Lee, *Ontario Power Generation Inc.*
Lubna Ladak, *Ontario Power Generation Inc.*
Leslie Wong, *Ontario Power Generation Inc.*

24966160.1

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: C$500,000,000 aggregate principal amount of 3.357% Senior Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Senior Notes**")

AND RE: C$382,353,000 aggregate principal amount of 3.637% Subordinated Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Subordinated Notes**")

AND RE: C$98,040,000 aggregate principal amount of 3.957% Junior Subordinated Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**")

AND RE: Agency agreement between Fair Hydro Trust (the "**Issuer**"), Ontario Power Generation Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited dated as of February 6, 2018 (the "**Agency Agreement**" and together with the Series 2018-1 Senior Notes, the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes, the "**Funding Obligations**")

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2018-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2018-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2018-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Agency Agreement are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. The Disclosure Document used in connection with the offering and sale of the Series 2018-1 Senior Notes is Substantially in the Form of the Reference Documentation. No Disclosure Document was used in connection with the offering and sale of the Series 2018-1 Subordinated Notes or Series 2018-1 Junior Subordinated Notes.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED as of the 9th day of February, 2018.

Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

Name: John Lee
Title: Vice President – Treasurer

[Signature page to Process Certificate]

SCHEDULE A

SERIES 2018-1 SENIOR NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$500,000,000
Interest Rate	3.357% per annum (the "**Series 2018-1 Senior Interest Rate**")
Interest Payments	The "**Interest Payment Dates**" for the Series 2018-1 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-1 Senior Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Senior Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "**MTI**")) thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Senior Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Senior Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, February 9, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$8.73739726 per C$1,000 principal amount of Series 2018-1 Senior Notes. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-1 Senior Notes, or the outstanding principal amount of the Series 2018-1 Senior Notes has not been paid in full on May 15, 2033. "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000.03 per C$1,000 principal amount of Series 2018-1 Senior Notes
Fees	See Schedule D under the heading "Fees"
Term to Maturity	15.25 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on May 15, 2033. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-1 Senior Notes and the then outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2033 for the Series 2018-1 Senior Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-1 Senior Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Senior Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-1 Senior Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 1 hereto.
Extension	N/A
Redemption	The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2032. "**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.23% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 1

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	C$3,655,755.29
February 15, 2030	C$7,626,564.99
March 15, 2030	C$8,257,633.61
April 15, 2030	C$8,191,586.84
May 15, 2030	C$7,890,462.63
June 15, 2030	C$7,584,364.60
July 15, 2030	C$9,084,874.20
August 15, 2030	C$11,442,279.18
September 15, 2030	C$12,391,444.77
October 15, 2030	C$12,750,308.92
November 15, 2030	C$11,982,236.88
December 15, 2030	C$11,293,079.64
January 15, 2031	C$10,793,983.66
February 15, 2031	C$10,722,332.46
March 15, 2031	C$11,500,665.58
April 15, 2031	C$11,354,192.22
May 15, 2031	C$10,817,597.00
June 15, 2031	C$10,295,734.83
July 15, 2031	C$9,657,558.16
August 15, 2031	C$9,972,812.07
September 15, 2031	C$10,763,812.68
October 15, 2031	C$11,008,621.17
November 15, 2031	C$10,283,044.04
December 15, 2031	C$9,663,858.15
January 15, 2032	C$11,614,637.47
February 15, 2032	C$14,086,300.93
March 15, 2032	C$15,155,597.37
April 15, 2032	C$15,258,171.67
May 15, 2032	C$14,584,770.10
June 15, 2032	C$13,686,506.16
July 15, 2032	C$14,172,728.13
August 15, 2032	C$16,021,396.29
September 15, 2032	C$17,345,995.76
October 15, 2032	C$17,773,273.46
November 15, 2032	C$16,598,773.70
December 15, 2032	C$15,634,984.01
January 15, 2033	C$16,715,366.47
February 15, 2033	C$18,464,628.87
March 15, 2033	C$19,935,085.13
April 15, 2033	C$19,792,624.35
May 15, 2033	C$4,174,356.56

SCHEDULE B

SERIES 2018-1 SUBORDINATED NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$382,353,000
Interest Rate	3.637% per annum (the "**Series 2018-1 Subordinated Interest Rate**")
Interest Payments	The "**Interest Payment Dates**" for the Series 2018-1 Subordinated Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-1 Subordinated Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Subordinated Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "MTI")) thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Subordinated Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Subordinated Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Subordinated Notes will include accrued and unpaid interest for the period from, and including, February 9, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$9.466164384 per C$1,000 principal amount of Series 2018-1 Subordinated Notes. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-1 Subordinated Notes, or the outstanding principal amount of the Series 2018-1 Subordinated Notes has not been paid in full on May 15, 2033. "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-1 Subordinated Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000 per C$1,000 principal amount of Series 2018-1 Subordinated Notes
Fees	N/A
Term to Maturity	15.25 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Subordinated Notes shall be due and payable on May 15, 2033. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-1 Subordinated Notes and the then outstanding principal amount of the Series 2018-1 Subordinated Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2033 for the Series 2018-1 Subordinated Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-1 Subordinated Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Subordinated Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-1 Subordinated Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 2 hereto.
Extension	N/A
Redemption	The Series 2018-1 Subordinated Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2032. "**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.30% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Subordinated Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 2

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	C$2,795,577.57
February 15, 2030	C$5,832,079.11
March 15, 2030	C$6,314,661.00
April 15, 2030	C$6,264,154.64
May 15, 2030	C$6,033,883.19
June 15, 2030	C$5,799,808.22
July 15, 2030	C$6,947,256.74
August 15, 2030	C$8,749,978.20
September 15, 2030	C$9,475,810.71
October 15, 2030	C$9,750,236.23
November 15, 2030	C$9,162,887.03
December 15, 2030	C$8,635,884.43
January 15, 2031	C$8,254,222.80
February 15, 2031	C$8,199,430.70
March 15, 2031	C$8,794,626.62
April 15, 2031	C$8,682,617.58
May 15, 2031	C$8,272,280.06
June 15, 2031	C$7,873,208.99
July 15, 2031	C$7,385,191.53
August 15, 2031	C$7,626,268.05
September 15, 2031	C$8,231,150.87
October 15, 2031	C$8,418,357.37
November 15, 2031	C$7,863,504.27
December 15, 2031	C$7,390,009.17
January 15, 2032	C$8,881,781.59
February 15, 2032	C$10,771,877.18
March 15, 2032	C$11,589,574.46
April 15, 2032	C$11,668,013.63
May 15, 2032	C$11,153,059.49
June 15, 2032	C$10,466,151.77
July 15, 2032	C$10,837,968.57
August 15, 2032	C$12,251,655.99
September 15, 2032	C$13,264,584.99
October 15, 2032	C$13,591,326.76
November 15, 2032	C$12,693,179.89
December 15, 2032	C$11,956,164.24
January 15, 2033	C$12,782,339.07
February 15, 2033	C$14,120,010.31
March 15, 2033	C$15,244,476.86
April 15, 2033	C$15,135,536.27
May 15, 2033	C$3,192,213.85

SCHEDULE C

SERIES 2018-1 JUNIOR SUBORDINATED NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$98,040,000
Interest Rate	3.957% per annum (the "**Series 2018-1 Junior Subordinated Interest Rate**")
Interest Payments	The "**Interest Payment Dates**" for the Series 2018-1 Junior Subordinated Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-1 Junior Subordinated Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Junior Subordinated Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "MTI")) thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Junior Subordinated Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Junior Subordinated Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Junior Subordinated Notes will include accrued and unpaid interest for the period from, and including, February 9, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$10.299041096 per C$1,000 principal amount of Series 2018-1 Junior Subordinated Notes. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-1 Junior Subordinated Notes, or the outstanding principal amount of the Series 2018-1 Junior Subordinated Notes has not been paid in full on May 15, 2033. "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-1 Junior Subordinated Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000 per C$1,000 principal amount of Series 2018-1 Junior Subordinated Notes
Fees	N/A
Term to Maturity	15.25 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Junior Subordinated Notes shall be due and payable on May 15, 2033. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-1 Junior Subordinated Notes and the then outstanding principal amount of the Series 2018-1 Junior Subordinated Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2033 for the Series 2018-1 Junior Subordinated Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-1 Junior Subordinated Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Junior Subordinated Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-1 Junior Subordinated Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 3 hereto.
Extension	N/A
Redemption	The Series 2018-1 Junior Subordinated Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2032. "**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Junior Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.38% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Junior Subordinated Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 3

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	C$716,814.76
February 15, 2030	C$1,495,404.90
March 15, 2030	C$1,619,143.85
April 15, 2030	C$1,606,193.50
May 15, 2030	C$1,547,149.54
June 15, 2030	C$1,487,130.31
July 15, 2030	C$1,781,347.88
August 15, 2030	C$2,243,584.15
September 15, 2030	C$2,429,695.05
October 15, 2030	C$2,500,060.57
November 15, 2030	C$2,349,458.21
December 15, 2030	C$2,214,329.34
January 15, 2031	C$2,116,467.38
February 15, 2031	C$2,102,418.13
March 15, 2031	C$2,255,032.47
April 15, 2031	C$2,226,312.20
May 15, 2031	C$2,121,097.45
June 15, 2031	C$2,018,771.54
July 15, 2031	C$1,893,638.85
August 15, 2031	C$1,955,453.35
September 15, 2031	C$2,110,551.51
October 15, 2031	C$2,158,553.17
November 15, 2031	C$2,016,283.15
December 15, 2031	C$1,894,874.15
January 15, 2032	C$2,277,379.90
February 15, 2032	C$2,762,019.79
March 15, 2032	C$2,971,685.76
April 15, 2032	C$2,991,798.37
May 15, 2032	C$2,859,758.84
June 15, 2032	C$2,683,628.66
July 15, 2032	C$2,778,966.30
August 15, 2032	C$3,141,450.25
September 15, 2032	C$3,401,175.64
October 15, 2032	C$3,484,955.58
November 15, 2032	C$3,254,661.51
December 15, 2032	C$3,065,683.14
January 15, 2033	C$3,277,522.84
February 15, 2033	C$3,620,515.46
March 15, 2033	C$3,908,840.22
April 15, 2033	C$3,880,906.74
May 15, 2033	C$819,285.59

SCHEDULE D

AGENCY AGREEMENT TERMS	
Appointment	The Issuer appoints the Agents to act as its sole and exclusive agents to effect the solicitation and private placement of Series 2018-1 Senior Notes to "accredited investors", as such term is defined under applicable securities laws, in the Provinces of Canada (the "**Offering**").
Fees	In consideration of the services provided to the Issuer by the Agents, the Issuer agrees to pay the Agents a fee equal to 0.50% of the aggregate principal amount of Series 2018-1 Senior Notes sold in the Offering.
Representations and Warranties	Representations and warranties in favour of the Agents from each of the Issuer and OPG customary for a private placement of notes, including representations that the disclosure document used in connection with the Offering does not contain a "misrepresentation", as such term is defined under applicable securities laws.
Conditions to Closing	As conditions to the closing of the Offering, the Issuer must provide, or arrange to have provided, certain standard certificates, legal opinions and other deliverables to the Agents.
Termination	The Agents have customary rights to terminate their obligations on the occurrence of certain events, including legal or other proceedings resulting in a material adverse change, a material adverse change in respect of the Issuer and financial disasters.
Indemnity	Each of the Issuer and OPG provides an indemnity to each of the Agents for any losses resulting from, among other things, breaches of representations, warranties and covenants, breaches of securities laws or a "misrepresentation" in the disclosure document used in connection with the Offering.

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT
(Senior Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Senior Series 2017-1 Supplemental Indenture (the "**Senior Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about February 9, 2018 of Senior Notes bearing the full designation "3.357% Senior Notes due May 15, 2033, Series 2018-1" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Senior Warehouse Supplemental Indenture, the date of issuance of the Senior Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Senior Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $500,000,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Senior Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Senior Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Senior Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4(a) of the Senior Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Senior Notes. If the Special Principal Payment Date has not

occurred by February 28, 2018 this Special Principal Payment Date Agreement shall cease of be of any force and effect.

7. Except as modified hereby, the provisions of the Senior Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Each Series 2017-1 Senior Noteholder acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 7th day of February, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of
FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name: Ahmad Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement – Senior Warehouse]

ROYAL BANK OF CANADA, as Administrative Agent

Ca

By: _____
Name: Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: Nur Khan
Authorized Signatory

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

By: _____
Name Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: Nur Khan
Authorized Signatory

ROYAL BANK OF CANADA, as a Group Bank

By: _____
Name; Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title:
Nur Khan
Authorized Signatory

CANADIAN IMPERIAL BANK OF COMMERCE, as a Group Bank

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE**, as a CP Conduit Purchaser

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE**, as a CP Conduit Purchaser

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

GOLDMAN SACHS CANADA INC.

By: _____
Name: JASON KOWE
Title: _____

[Signature page to Global Direction and Receipt]

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT
(Subordinated Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Subordinated Series 2017-1 Supplemental Indenture (the "**Subordinated Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about February 9, 2018 of Subordinated Notes bearing the full designation "3.637% Subordinated Notes due May 15, 2033, Series 2018-1" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Subordinated Warehouse Supplemental Indenture, the date of issuance of the Subordinated Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Subordinated Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $382,353,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Subordinated Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Subordinated Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Subordinated Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4 of the Subordinated Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Subordinated Notes. If the Special Principal Payment Date has not occurred by February 28, 2018 this Special Principal Payment Date Agreement shall cease of be of any force and effect.

7. Except as modified hereby, the provisions of the Subordinated Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Ontario Power Generation Inc. acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 7th day of February, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name: Ahmed Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement – Subordinated Warehouse]

ONTARIO POWER GENERATION INC.

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and
Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT
(Junior Subordinated Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture (the "**Junior Subordinated Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about February 9, 2018 of Junior Subordinated Notes bearing the full designation "3.957% Junior Subordinated Notes due May 15, 2033, Series 2018-1" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Junior Subordinated Warehouse Supplemental Indenture, the date of issuance of the Junior Subordinated Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Junior Subordinated Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $98,040,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Junior Subordinated Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Junior Subordinated Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Junior Subordinated Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4 of the Junior Subordinated Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Junior Subordinated Notes. If the Special Principal Payment Date has not occurred by February 28, 2018 this Special Principal Payment Date Agreement shall cease of be of any force and effect.

7. Except as modified hereby, the provisions of the Junior Subordinated Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Ontario Power Generation Inc. acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 7th day of February, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of
FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name: Ahmad Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement – Junior Subordinated Warehouse]

ONTARIO POWER GENERATION INC.

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and
Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

[Signature page to Special Principal Payment Date Agreement – Junior Subordinated Warehouse]

From: Anna Strathy
To: Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning
Subject: FW: Fair Hydro Trust -- Term Closing
Date: Friday, February 09, 2018 10:29:46 AM

Good morning,

A process certificate was received in the DMO from OPG. A scan is being sent to me – does anyone have a view that the scan should go to someone else here? Or are you comfortable with me forwarding it on to this group once I receive it?

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, February 09, 2018 10:25 AM
To: David McLean (MOF) <David.McLean@ontario.ca>; Kobrinsky, Liza (MOF) <Liza.Kobrinsky@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hi Dave,

Would you please scan it and send a copy to me and also to Anna Strathy? Anna: please confirm if it should be sent to you or someone else at the OFA. We do have an advance copy but think it would be prudent for you to scan and send the one you receive to us.

The delivery of this certificate is a requirement of the Process Agreement entered into by the Province and the Fair Hydro Trust in order to keep the Province advised of the Fair Hydro Trust obligations that are covered by the Province's Change of Law Assurance Agreement. Fair Hydro Trust is required to deliver the certificate prior to entering into the obligations (i.e. the closing date) and confirm a number of items to the Province including the material terms and that they are to be issued under terms and conditions substantially similar to the terms of reference documentation for the program, that the terms are in compliance with law and the Financing Plan, are of a type and terms that a reasonably prudent financial services manager would incur in similar circumstances and reflect arm's length terms and conditions.

As part of the closing of the term deal by Fair Hydro Trust, the Trust must confirm that it has delivered the certificate to the Province.

If you have any other questions please let us know.

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: McLean, David (MOF)
Sent: February 9, 2018 10:13 AM
To: Hanslep, Malle (MOF); Kobrinsky, Liza (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro Trust -- Term Closing

Yes, we received the fax. Paul in our office just picked it up. Do you need us to do anything with it (I haven't had a chance to review it)?

From: Hanslep, Malle (MOF)
Sent: February 9, 2018 10:10 AM
To: Kobrinsky, Liza (MOF)
Cc: McLean, David (MOF); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro Trust -- Term Closing

Hi Liza,

Would you please let us know if you have received the attached certificate by fax? Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: February 8, 2018 4:40 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Mansoori, Nina
Subject: RE: Fair Hydro Trust -- Term Closing

All,

Further to Rima's email, please find attached a letter enclosing the process certificate and the agreements that Rima mentions below. The attached will be delivered by fax shortly to the each of the Ministers and Deputy Ministers at the fax numbers in the notice provisions of the Change of Law Process Agreement.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com

TORYS LLP

From: Ramchandani, Rima
Sent: February-08-18 2:22 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: Fair Hydro Trust -- Term Closing

Alena, Malle and Toby, hope you are all well. In case you have not been made aware, we wanted to let you know that we are closing the Fair Hydro Trust term deal tomorrow morning and will be delivering, on behalf of OPG, the required process certificate by fax to the attention of the Ministers and Deputy Ministers later today. As with the warehouse closing, Brett Saulnier from Torys will send all of you an email with a PDF of the signed process certificate and accompanying cover letter for your records.

Just FYI, you will see that the cover letter will also reference the delivery (pursuant to Section 2.01(c) of the process agreement) of a brief 2-page agreement that will be entered into between the Trust and the warehouse lenders on closing tomorrow which simply permits delivery of the decrease notice 2 business days prior to closing and repayment of the warehouse notes on a day other than the 15th business day of the month.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666

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From:	Hanslep, Malle (MOF)
To:	Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Fair Hydro Trust -- Term Closing
Date:	Thursday, February 08, 2018 4:53:09 PM
Attachments:	Letter to Province - Process Certificate.pdf

FYI

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: February 8, 2018 4:40 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Mansoori, Nina
Subject: RE: Fair Hydro Trust -- Term Closing

All,

Further to Rima's email, please find attached a letter enclosing the process certificate and the agreements that Rima mentions below. The attached will be delivered by fax shortly to the each of the Ministers and Deputy Ministers at the fax numbers in the notice provisions of the Change of Law Process Agreement.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: February-08-18 2:22 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: Fair Hydro Trust -- Term Closing

Alena, Malle and Toby, hope you are all well. In case you have not been made aware, we wanted to let you know that we are closing the Fair Hydro Trust term deal tomorrow morning and will be delivering, on behalf of OPG, the required process certificate by fax to the attention of the Ministers and Deputy Ministers later today. As with the warehouse closing, Brett Saulnier from Torys will send all of you an email with a PDF of the signed process certificate and accompanying cover letter for your records.

Just FYI, you will see that the cover letter will also reference the delivery (pursuant to Section 2.01(c) of the process agreement) of a brief 2-page agreement that will be entered into between

the Trust and the warehouse lenders on closing tomorrow which simply permits delivery of the decrease notice 2 business days prior to closing and repayment of the warehouse notes on a day other than the 15th business day of the month.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

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TORYS LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada
P. 416.865.0040 | F. 416.865.7380
www.torys.com

Brett Saulnier
bsaulnier@torys.com
P. 416.865.8148

February 8, 2018

CONFIDENTIAL

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Deputy Minister of Finance

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1

Attention: Minister of Energy
Deputy Ministry of Energy

Dear Sirs/Mesdames:

Re: Fair Hydro Plan – Deliveries under Change of Law Process Agreement

Reference is made to the Change of Law Process Agreement dated as of December 21, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have their respective meanings in the Change of Law Process Agreement.

On February 9, 2018, Fair Hydro Trust (the "**Issuer**") will issue (i) C$500,000,000 aggregate principal amount of 3.357% Senior Notes due May 15, 2033, Series 2018-1 in accordance with the terms of an agency agreement dated as of February 6, 2018 among the Issuer, Ontario Power Generation Inc. ("**OPG**") and the dealers named therein, (ii) C$382,353,000 aggregate principal amount of 3.637% Subordinated Notes due May 15, 2033, Series 2018-1 and (iii) C$98,040,000 aggregate principal amount of 3.957% Junior Subordinated Notes due May 15, 2033, Series 2018-1 (collectively, the "**Funding Obligations**").

On behalf of Ontario Power Generation Inc. and pursuant to section 3.01 of the Change of Law Process Agreement, please find enclosed a Process Certificate in respect of the Funding Obligations.

On behalf of Ontario Power Generation Inc. and pursuant to section 2.01(c) of the Change of Law Process Agreement, please find enclosed one Special Payment Date Agreement in respect of each of the Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 among, *inter alios*, the Issuer, Royal Bank of Canada and BNY Trust Company of Canada (the "**Indenture Trustee**"), the Warehouse Subordinated Series 2017-1 Supplemental

Indenture dated as of December 21, 2017 among the Issuer, OPG and the Indenture Trustee and the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 among the Issuer, OPG and the Indenture Trustee (collectively, the "**Warehouse Facilities**"). Such Special Payment Date Agreements permit a partial repayment of the Warehouse Facilities using proceeds from the Funding Obligations on a date that is not the 15th day of a given calendar month and allow the decrease notice to be delivered within two business days of such repayment (rather than five business days).

Yours truly,

Brett Saulnier

Encl.

cc: Rima Ramchandani, *Torys LLP*
John Lee, *Ontario Power Generation Inc.*
Lubna Ladak, *Ontario Power Generation Inc.*
Leslie Wong, *Ontario Power Generation Inc.*

24966160.1

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: C$500,000,000 aggregate principal amount of 3.357% Senior Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Senior Notes**")

AND RE: C$382,353,000 aggregate principal amount of 3.637% Subordinated Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Subordinated Notes**")

AND RE: C$98,040,000 aggregate principal amount of 3.957% Junior Subordinated Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**")

AND RE: Agency agreement between Fair Hydro Trust (the "**Issuer**"), Ontario Power Generation Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited dated as of February 6, 2018 (the "**Agency Agreement**" and together with the Series 2018-1 Senior Notes, the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes, the "**Funding Obligations**")

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2018-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2018-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2018-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Agency Agreement are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. The Disclosure Document used in connection with the offering and sale of the Series 2018-1 Senior Notes is Substantially in the Form of the Reference Documentation. No Disclosure Document was used in connection with the offering and sale of the Series 2018-1 Subordinated Notes or Series 2018-1 Junior Subordinated Notes.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED as of the 9th day of February, 2018.

Name: Ken Hartwick
Title: Chief Financial Officer and
Senior Vice President

Name: John Lee
Title: Vice President – Treasurer

[Signature page to Process Certificate]

SCHEDULE A

SERIES 2018-1 SENIOR NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$500,000,000
Interest Rate	3.357% per annum (the "**Series 2018-1 Senior Interest Rate**")
Interest Payments	The "**Interest Payment Dates**" for the Series 2018-1 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-1 Senior Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Senior Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "**MTI**")) thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Senior Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Senior Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, February 9, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$8.73739726 per C$1,000 principal amount of Series 2018-1 Senior Notes. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-1 Senior Notes, or the outstanding principal amount of the Series 2018-1 Senior Notes has not been paid in full on May 15, 2033. "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000.03 per C$1,000 principal amount of Series 2018-1 Senior Notes
Fees	See Schedule D under the heading "Fees"
Term to Maturity	15.25 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on May 15, 2033. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-1 Senior Notes and the then outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2033 for the Series 2018-1 Senior Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-1 Senior Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Senior Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-1 Senior Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 1 hereto.
Extension	N/A
Redemption	The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2032. "**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.23% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 1

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	C$3,655,755.29
February 15, 2030	C$7,626,564.99
March 15, 2030	C$8,257,633.61
April 15, 2030	C$8,191,586.84
May 15, 2030	C$7,890,462.63
June 15, 2030	C$7,584,364.60
July 15, 2030	C$9,084,874.20
August 15, 2030	C$11,442,279.18
September 15, 2030	C$12,391,444.77
October 15, 2030	C$12,750,308.92
November 15, 2030	C$11,982,236.88
December 15, 2030	C$11,293,079.64
January 15, 2031	C$10,793,983.66
February 15, 2031	C$10,722,332.46
March 15, 2031	C$11,500,665.58
April 15, 2031	C$11,354,192.22
May 15, 2031	C$10,817,597.00
June 15, 2031	C$10,295,734.83
July 15, 2031	C$9,657,558.16
August 15, 2031	C$9,972,812.07
September 15, 2031	C$10,763,812.68
October 15, 2031	C$11,008,621.17
November 15, 2031	C$10,283,044.04
December 15, 2031	C$9,663,858.15
January 15, 2032	C$11,614,637.47
February 15, 2032	C$14,086,300.93
March 15, 2032	C$15,155,597.37
April 15, 2032	C$15,258,171.67
May 15, 2032	C$14,584,770.10
June 15, 2032	C$13,686,506.16
July 15, 2032	C$14,172,728.13
August 15, 2032	C$16,021,396.29
September 15, 2032	C$17,345,995.76
October 15, 2032	C$17,773,273.46
November 15, 2032	C$16,598,773.70
December 15, 2032	C$15,634,984.01
January 15, 2033	C$16,715,366.47
February 15, 2033	C$18,464,628.87
March 15, 2033	C$19,935,085.13
April 15, 2033	C$19,792,624.35
May 15, 2033	C$4,174,356.56

SCHEDULE B

SERIES 2018-1 SUBORDINATED NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$382,353,000
Interest Rate	3.637% per annum (the "**Series 2018-1 Subordinated Interest Rate**")
Interest Payments	The "**Interest Payment Dates**" for the Series 2018-1 Subordinated Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-1 Subordinated Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Subordinated Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "**MTI**")) thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Subordinated Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Subordinated Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Subordinated Notes will include accrued and unpaid interest for the period from, and including, February 9, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$9.466164384 per C$1,000 principal amount of Series 2018-1 Subordinated Notes. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-1 Subordinated Notes, or the outstanding principal amount of the Series 2018-1 Subordinated Notes has not been paid in full on May 15, 2033. "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-1 Subordinated Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000 per C$1,000 principal amount of Series 2018-1 Subordinated Notes
Fees	N/A
Term to Maturity	15.25 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Subordinated Notes shall be due and payable on May 15, 2033. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-1 Subordinated Notes and the then outstanding principal amount of the Series 2018-1 Subordinated Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2033 for the Series 2018-1 Subordinated Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-1 Subordinated Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Subordinated Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-1 Subordinated Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 2 hereto.
Extension	N/A
Redemption	The Series 2018-1 Subordinated Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2032. "**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.30% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Subordinated Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 2

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	C$2,795,577.57
February 15, 2030	C$5,832,079.11
March 15, 2030	C$6,314,661.00
April 15, 2030	C$6,264,154.64
May 15, 2030	C$6,033,883.19
June 15, 2030	C$5,799,808.22
July 15, 2030	C$6,947,256.74
August 15, 2030	C$8,749,978.20
September 15, 2030	C$9,475,810.71
October 15, 2030	C$9,750,236.23
November 15, 2030	C$9,162,887.03
December 15, 2030	C$8,635,884.43
January 15, 2031	C$8,254,222.80
February 15, 2031	C$8,199,430.70
March 15, 2031	C$8,794,626.62
April 15, 2031	C$8,682,617.58
May 15, 2031	C$8,272,280.06
June 15, 2031	C$7,873,208.99
July 15, 2031	C$7,385,191.53
August 15, 2031	C$7,626,268.05
September 15, 2031	C$8,231,150.87
October 15, 2031	C$8,418,357.37
November 15, 2031	C$7,863,504.27
December 15, 2031	C$7,390,009.17
January 15, 2032	C$8,881,781.59
February 15, 2032	C$10,771,877.18
March 15, 2032	C$11,589,574.46
April 15, 2032	C$11,668,013.63
May 15, 2032	C$11,153,059.49
June 15, 2032	C$10,466,151.77
July 15, 2032	C$10,837,968.57
August 15, 2032	C$12,251,655.99
September 15, 2032	C$13,264,584.99
October 15, 2032	C$13,591,326.76
November 15, 2032	C$12,693,179.89
December 15, 2032	C$11,956,164.24
January 15, 2033	C$12,782,339.07
February 15, 2033	C$14,120,010.31
March 15, 2033	C$15,244,476.86
April 15, 2033	C$15,135,536.27
May 15, 2033	C$3,192,213.85

SCHEDULE C

SERIES 2018-1 JUNIOR SUBORDINATED NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$98,040,000
Interest Rate	3.957% per annum (the "**Series 2018-1 Junior Subordinated Interest Rate**")
Interest Payments	The "**Interest Payment Dates**" for the Series 2018-1 Junior Subordinated Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-1 Junior Subordinated Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Junior Subordinated Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "**MTI**")) thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Junior Subordinated Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Junior Subordinated Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Junior Subordinated Notes will include accrued and unpaid interest for the period from, and including, February 9, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$10.299041096 per C$1,000 principal amount of Series 2018-1 Junior Subordinated Notes. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-1 Junior Subordinated Notes, or the outstanding principal amount of the Series 2018-1 Junior Subordinated Notes has not been paid in full on May 15, 2033. "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-1 Junior Subordinated Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000 per C$1,000 principal amount of Series 2018-1 Junior Subordinated Notes
Fees	N/A
Term to Maturity	15.25 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Junior Subordinated Notes shall be due and payable on May 15, 2033. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-1 Junior Subordinated Notes and the then outstanding principal amount of the Series 2018-1 Junior Subordinated Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2033 for the Series 2018-1 Junior Subordinated Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-1 Junior Subordinated Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Junior Subordinated Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-1 Junior Subordinated Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 3 hereto.
Extension	N/A
Redemption	The Series 2018-1 Junior Subordinated Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2032. "**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Junior Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.38% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Junior Subordinated Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 3

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	C$716,814.76
February 15, 2030	C$1,495,404.90
March 15, 2030	C$1,619,143.85
April 15, 2030	C$1,606,193.50
May 15, 2030	C$1,547,149.54
June 15, 2030	C$1,487,130.31
July 15, 2030	C$1,781,347.88
August 15, 2030	C$2,243,584.15
September 15, 2030	C$2,429,695.05
October 15, 2030	C$2,500,060.57
November 15, 2030	C$2,349,458.21
December 15, 2030	C$2,214,329.34
January 15, 2031	C$2,116,467.38
February 15, 2031	C$2,102,418.13
March 15, 2031	C$2,255,032.47
April 15, 2031	C$2,226,312.20
May 15, 2031	C$2,121,097.45
June 15, 2031	C$2,018,771.54
July 15, 2031	C$1,893,638.85
August 15, 2031	C$1,955,453.35
September 15, 2031	C$2,110,551.51
October 15, 2031	C$2,158,553.17
November 15, 2031	C$2,016,283.15
December 15, 2031	C$1,894,874.15
January 15, 2032	C$2,277,379.90
February 15, 2032	C$2,762,019.79
March 15, 2032	C$2,971,685.76
April 15, 2032	C$2,991,798.37
May 15, 2032	C$2,859,758.84
June 15, 2032	C$2,683,628.66
July 15, 2032	C$2,778,966.30
August 15, 2032	C$3,141,450.25
September 15, 2032	C$3,401,175.64
October 15, 2032	C$3,484,955.58
November 15, 2032	C$3,254,661.51
December 15, 2032	C$3,065,683.14
January 15, 2033	C$3,277,522.84
February 15, 2033	C$3,620,515.46
March 15, 2033	C$3,908,840.22
April 15, 2033	C$3,880,906.74
May 15, 2033	C$819,285.59

SCHEDULE D

AGENCY AGREEMENT TERMS	
Appointment	The Issuer appoints the Agents to act as its sole and exclusive agents to effect the solicitation and private placement of Series 2018-1 Senior Notes to "accredited investors", as such term is defined under applicable securities laws, in the Provinces of Canada (the "**Offering**").
Fees	In consideration of the services provided to the Issuer by the Agents, the Issuer agrees to pay the Agents a fee equal to 0.50% of the aggregate principal amount of Series 2018-1 Senior Notes sold in the Offering.
Representations and Warranties	Representations and warranties in favour of the Agents from each of the Issuer and OPG customary for a private placement of notes, including representations that the disclosure document used in connection with the Offering does not contain a "misrepresentation", as such term is defined under applicable securities laws.
Conditions to Closing	As conditions to the closing of the Offering, the Issuer must provide, or arrange to have provided, certain standard certificates, legal opinions and other deliverables to the Agents.
Termination	The Agents have customary rights to terminate their obligations on the occurrence of certain events, including legal or other proceedings resulting in a material adverse change, a material adverse change in respect of the Issuer and financial disasters.
Indemnity	Each of the Issuer and OPG provides an indemnity to each of the Agents for any losses resulting from, among other things, breaches of representations, warranties and covenants, breaches of securities laws or a "misrepresentation" in the disclosure document used in connection with the Offering.

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT
(Senior Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Senior Series 2017-1 Supplemental Indenture (the "**Senior Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about February 9, 2018 of Senior Notes bearing the full designation "3.357% Senior Notes due May 15, 2033, Series 2018-1" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Senior Warehouse Supplemental Indenture, the date of issuance of the Senior Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Senior Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $500,000,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Senior Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Senior Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Senior Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4(a) of the Senior Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Senior Notes. If the Special Principal Payment Date has not

occurred by February 28, 2018 this Special Principal Payment Date Agreement shall cease of be of any force and effect.

7. Except as modified hereby, the provisions of the Senior Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Each Series 2017-1 Senior Noteholder acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 7th day of February, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name: Ahmad Adam
Title: Vice-President

ROYAL BANK OF CANADA, as Administrative Agent

Ca

By: _____
Name: Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: Nur Khan
Authorized Signatory

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

By: _____
Name Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: Nur Khan
Authorized Signatory

ROYAL BANK OF CANADA, as a Group Bank

By: _____
Name: Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: Nur Khan
Authorized Signatory

CANADIAN IMPERIAL BANK OF COMMERCE, as a Group Bank

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE**, as a CP Conduit Purchaser

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE**, as a CP Conduit Purchaser

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

GOLDMAN SACHS CANADA INC.

By: _____
Name: JASON ROWE
Title: Managing Director

[Signature page to Global Direction and Receipt]

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT
(Subordinated Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Subordinated Series 2017-1 Supplemental Indenture (the "**Subordinated Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about February 9, 2018 of Subordinated Notes bearing the full designation "3.637% Subordinated Notes due May 15, 2033, Series 2018-1" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Subordinated Warehouse Supplemental Indenture, the date of issuance of the Subordinated Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Subordinated Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $382,353,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Subordinated Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Subordinated Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Subordinated Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4 of the Subordinated Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Subordinated Notes. If the Special Principal Payment Date has not occurred by February 28, 2018 this Special Principal Payment Date Agreement shall cease of be of any force and effect.

7. Except as modified hereby, the provisions of the Subordinated Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Ontario Power Generation Inc. acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 7th day of February, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name: Ahmad Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement – Subordinated Warehouse]

ONTARIO POWER GENERATION INC.

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and
Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT
(Junior Subordinated Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture (the "**Junior Subordinated Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about February 9, 2018 of Junior Subordinated Notes bearing the full designation "3.957% Junior Subordinated Notes due May 15, 2033, Series 2018-1" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Junior Subordinated Warehouse Supplemental Indenture, the date of issuance of the Junior Subordinated Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Junior Subordinated Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $98,040,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Junior Subordinated Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Junior Subordinated Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Junior Subordinated Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4 of the Junior Subordinated Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Junior Subordinated Notes. If the Special Principal Payment Date has not occurred by February 28, 2018 this Special Principal Payment Date Agreement shall cease of be of any force and effect.

7. Except as modified hereby, the provisions of the Junior Subordinated Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Ontario Power Generation Inc. acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 7th day of February, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name: Ahmad Adam
Title: Vice-President

ONTARIO POWER GENERATION INC.

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and
Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

From:	Anna Strathy
To:	Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc:	Usman Zahid; Opal Kandelas
Subject:	FW: Fair Hydro Trust -- Term Closing
Date:	Tuesday, April 24, 2018 2:26:40 PM
Attachments:	Re Fair Hydro Plan - Deliveries under Change of Law Process Agreement.pdf

FYI

From: Krasic, Aida (MOF) [mailto:Aida.Krasic@ontario.ca]
Sent: Tuesday, April 24, 2018 1:06 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hello Male,
Please find attached fax that DMO received from TORYS LLP regarding the Fair Hydro Plan –Deliveries under Change of Law Process Agreement.
As per Paul's email from Feb 9th, I am copying all on this email as well.
Thanks
Aida

From: Dupuis, Paul (MOF)
Sent: February 9, 2018 10:35 AM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Krasic, Aida (MOF) <Aida.Krasic@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Spadoni, Peter (MOF) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

This message has been archived. View the original item

Hi Malle,

As requested please see attached. I have also copied Karen Cook (MO Office Mgr) and Peter Spadoni (Mgr of MoF Correspondence) as it may have also been sent to their fax machines as it i

Attachments:

image001.jpg	(5 KB)
FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf	(1.3 MB)

900-1

TORYS LLP

FIN5167DM-2018-69

XRF: FIN5167DM-2018-15

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada
P. 416.865.0040 | F. 416.865.7380
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Date	April 23, 2018		
From	Brett Saulnier	**Direct Tel**	416-865-8148
Page(s)	30 (including this cover page)		39953-2002

Recipient	Fax Number	Tel Number
Ministry of Finance (Minister)	(416) 325-0374	
Ministry of Finance (Deputy)	(416) 325-1595	
Ministry of Energy (Minister)	(416) 327-6754	
Ministry of Energy (Deputy)	(416) 327-6755	

Comments See attached

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Brett Saulnier
bsaulnier@torys.com
P. 416.865.8148

April 23, 2018

CONFIDENTIAL

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Deputy Minister of Finance

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1

Attention: Minister of Energy
Deputy Ministry of Energy

Dear Sirs/Mesdames:

Re: Fair Hydro Plan – Deliveries under Change of Law Process Agreement

Reference is made to the Change of Law Process Agreement dated as of December 21, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have their respective meanings in the Change of Law Process Agreement.

On April 24, Fair Hydro Trust (the "**Issuer**") will issue (i) C$400,000,000 aggregate principal amount of 3.52% Senior Notes due May 15, 2038, Series 2018-2 in accordance with the terms of an agency agreement dated as of April 19, 2018 among the Issuer, Ontario Power Generation Inc. ("**OPG**") and the dealers named therein, (ii) C$305,882,000 aggregate principal amount of 3.834% Subordinated Notes due May 15, 2038, Series 2018-2 and (iii) C$78,431,000 aggregate principal amount of 4.214% Junior Subordinated Notes due May 15, 2038, Series 2018-2 (collectively, the "**Funding Obligations**").

On behalf of Ontario Power Generation Inc. and pursuant to section 3.01 of the Change of Law Process Agreement, please find enclosed a Process Certificate in respect of the Funding Obligations.

On behalf of Ontario Power Generation Inc. and pursuant to section 2.01(c) of the Change of Law Process Agreement, please find enclosed one Special Payment Date Agreement in respect of each of the Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 among, *inter alios*, the Issuer, Royal Bank of Canada and BNY Trust Company of Canada (the "**Indenture Trustee**"), the Warehouse Subordinated Series 2017-1 Supplemental

Indenture dated as of December 21, 2017 among the Issuer, OPG and the Indenture Trustee and the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 among the Issuer, OPG and the Indenture Trustee (collectively, the "**Warehouse Facilities**"). Such Special Payment Date Agreements permit a partial repayment of the Warehouse Facilities using proceeds from the Funding Obligations on a date that is not the 15th day of a given calendar month and allow the decrease notice to be delivered within two business days of such repayment (rather than five business days).

Yours truly,

Brett Saulnier

Encl.

cc: Rima Ramchandani, *Torys LLP*
John Lee, *Ontario Power Generation Inc.*
Lubna Ladak, *Ontario Power Generation Inc.*
Clara Greco, *Ontario Power Generation Inc.*

25407780.3

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE (2018-2)

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: C$400,000,000 aggregate principal amount of 3.52% Senior Notes due May 15, 2038, Series 2018-2 (the "**Series 2018-2 Senior Notes**")

AND RE: C$305,882,000 aggregate principal amount of 3.834% Subordinated Notes due May 15, 2038, Series 2018-2 (the "**Series 2018-2 Subordinated Notes**")

AND RE: C$78,431,000 aggregate principal amount of 4.214% Junior Subordinated Notes due May 15, 2038, Series 2018-2 (the "**Series 2018-2 Junior Subordinated Notes**")

AND RE: Agency agreement between Fair Hydro Trust (the "**Issuer**"), Ontario Power Generation Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited dated as of April 19, 2018 (the "**Agency Agreement**" and together with the Series 2018-2 Senior Notes, the Series 2018-2 Subordinated Notes and the Series 2018-2 Junior Subordinated Notes, the "**Funding Obligations**")

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2018-2 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2018-2 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2018-2 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Agency Agreement are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. The Disclosure Document used in connection with the offering and sale of the Series 2018-2 Senior Notes is Substantially in the Form of the Reference Documentation. No Disclosure Document was used in connection with the offering and sale of the Series 2018-2 Subordinated Notes or Series 2018-2 Junior Subordinated Notes.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED as of the 24th day of April, 2018.

Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

Name: John Lee
Title: Vice President – Treasurer

[Signature page to Process Certificate (2018-2)]

SCHEDULE A

SERIES 2018-2 SENIOR NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$400,000,000
Interest Rate	3.52% per annum (the "Series 2018-2 Senior Interest Rate")
Interest Payments	The "Interest Payment Dates" for the Series 2018-2 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-2 Senior Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-2 Senior Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "MTI")) thereafter at a rate equal to the monthly equivalent of the Series 2018-2 Senior Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-2 Senior Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-2 Senior Notes will include accrued and unpaid interest for the period from, and including, April 24, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$2.02520548 per C$1,000 principal amount of Series 2018-2 Senior Notes. "Amortization Event" means either an Acceleration Event has occurred with respect to the Series 2018-2 Senior Notes, or the outstanding principal amount of the Series 2018-2 Senior Notes has not been paid in full on May 15, 2038. "Acceleration Event" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-2 Senior Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000.02 per C$1,000 principal amount of Series 2018-2 Senior Notes
Fees	See Schedule D under the heading "Fees"
Term to Maturity	20 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-2 Senior Notes shall be due and payable on May 15, 2038. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-2 Senior Notes and the then outstanding principal amount of the Series 2018-2 Senior Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2038 for the Series 2018-2 Senior Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-2 Senior Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-2 Senior Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-2 Senior Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix I hereto.
Extension	N/A
Redemption	The Series 2018-2 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-2 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "Par Call Date" means November 15, 2037. "Series 2018-2 Canada Yield Price" means a price equal to the price of the Series 2018-2 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.265% per annum. "Government of Canada Yield" on any date means, in respect of the Series 2018-2 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 1

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
June 15, 2037	C$33,333,333.33
July 15, 2037	C$33,333,333.33
August 15, 2037	C$33,333,333.33
September 15, 2037	C$33,333,333.33
October 15, 2037	C$33,333,333.33
November 15, 2037	C$33,333,333.33
December 15, 2037	C$33,333,333.33
January 15, 2038	C$33,333,333.33
February 15, 2038	C$33,333,333.33
March 15, 2038	C$33,333,333.33
April 15, 2038	C$33,333,333.33
May 15, 2038	C$33,333,333.37

SCHEDULE B

SERIES 2018-2 SUBORDINATED NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$305,882,000
Interest Rate	3.834% per annum (the "**Series 2018-2 Subordinated Interest Rate**")
Interest Payments	The "**Interest Payment Dates**" for the Series 2018-2 Subordinated Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-2 Subordinated Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-2 Subordinated Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "**MTI**")) thereafter at a rate equal to the monthly equivalent of the Series 2018-2 Subordinated Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-2 Subordinated Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-2 Subordinated Notes will include accrued and unpaid interest for the period from, and including, April 24 , 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$2.20586301 per C$1,000 principal amount of Series 2018-2 Subordinated Notes. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-2 Subordinated Notes, or the outstanding principal amount of the Series 2018-2 Subordinated Notes has not been paid in full on May 15, 2038. "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-2 Subordinated Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000 per C$1,000 principal amount of Series 2018-2 Subordinated Notes
Fees	N/A
Term to Maturity	20 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-2 Subordinated Notes shall be due and payable on May 15, 2038. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-2 Subordinated Notes and the then outstanding principal amount of the Series 2018-2 Subordinated Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2038 for the Series 2018-2 Subordinated Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-2 Subordinated Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-2 Subordinated Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-2 Subordinated Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 2 hereto.
Extension	N/A
Redemption	The Series 2018-2 Subordinated Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-2 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2037. "**Series 2018-2 Canada Yield Price**" means a price equal to the price of the Series 2018-2 Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.345% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-2 Subordinated Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 2

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
June 15, 2037	C$25,490,166.67
July 15, 2037	C$25,490,166.67
August 15, 2037	C$25,490,166.67
September 15, 2037	C$25,490,166.67
October 15, 2037	C$25,490,166.67
November 15, 2037	C$25,490,166.67
December 15, 2037	C$25,490,166.67
January 15, 2038	C$25,490,166.67
February 15, 2038	C$25,490,166.67
March 15, 2038	C$25,490,166.67
April 15, 2038	C$25,490,166.67
May 15, 2038	C$25,490,166.63

SCHEDULE C

SERIES 2018-2 JUNIOR SUBORDINATED NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$78,431,000
Interest Rate	4.214% per annum (the "Series 2018-2 Junior Subordinated Interest Rate")
Interest Payments	The "Interest Payment Dates" for the Series 2018-2 Junior Subordinated Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-2 Junior Subordinated Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-2 Junior Subordinated Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "MTI")) thereafter at a rate equal to the monthly equivalent of the Series 2018-2 Junior Subordinated Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-2 Junior Subordinated Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-2 Junior Subordinated Notes will include accrued and unpaid interest for the period from, and including, April 24, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$2.424493.15 per C$1,000 principal amount of Series 2018-2 Junior Subordinated Notes. "Amortization Event" means either an Acceleration Event has occurred with respect to the Series 2018-2 Junior Subordinated Notes, or the outstanding principal amount of the Series 2018-2 Junior Subordinated Notes has not been paid in full on May 15, 2038. "Acceleration Event" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-2 Junior Subordinated Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000 per C$1,000 principal amount of Series 2018-2 Junior Subordinated Notes
Fees	N/A
Term to Maturity	20 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-2 Junior Subordinated Notes shall be due and payable on May 15, 2038. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-2 Junior Subordinated Notes and the then outstanding principal amount of the Series 2018-2 Junior Subordinated Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2038 for the Series 2018-2 Junior Subordinated Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-2 Junior Subordinated Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-2 Junior Subordinated Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-2 Junior Subordinated Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 3 hereto.
Extension	N/A
Redemption	The Series 2018-2 Junior Subordinated Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-2 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "Par Call Date" means November 15, 2037. "Series 2018-2 Canada Yield Price" means a price equal to the price of the Series 2018-2 Junior Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.440% per annum. "Government of Canada Yield" on any date means, in respect of the Series 2018-2 Junior Subordinated Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 3

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
June 15, 2037	C$6,535,916.67
July 15, 2037	C$6,535,916.67
August 15, 2037	C$6,535,916.67
September 15, 2037	C$6,535,916.67
October 15, 2037	C$6,535,916.67
November 15, 2037	C$6,535,916.67
December 15, 2037	C$6,535,916.67
January 15, 2038	C$6,535,916.67
February 15, 2038	C$6,535,916.67
March 15, 2038	C$6,535,916.67
April 15, 2038	C$6,535,916.67
May 15, 2038	C$6,535,916.63

SCHEDULE D

AGENCY AGREEMENT TERMS	
Appointment	The Issuer appoints the Agents to act as its sole and exclusive agents to effect the solicitation and private placement of Series 2018-2 Senior Notes to "accredited investors", as such term is defined under applicable securities laws, in the Provinces of Canada (the "Offering").
Fees	In consideration of the services provided to the Issuer by the Agents, the Issuer agrees to pay the Agents a fee equal to 0.55% of the aggregate principal amount of Series 2018-2 Senior Notes sold in the Offering.
Representations and Warranties	Representations and warranties in favour of the Agents from each of the Issuer and OPG customary for a private placement of notes, including representations that the disclosure document used in connection with the Offering does not contain a "misrepresentation", as such term is defined under applicable securities laws.
Conditions to Closing	As conditions to the closing of the Offering, the Issuer must provide, or arrange to have provided, certain standard certificates, legal opinions and other deliverables to the Agents.
Termination	The Agents have customary rights to terminate their obligations on the occurrence of certain events, including legal or other proceedings resulting in a material adverse change, a material adverse change in respect of the Issuer and financial disasters.
Indemnity	Each of the Issuer and OPG provides an indemnity to each of the Agents for any losses resulting from, among other things, breaches of representations, warranties and covenants, breaches of securities laws or a "misrepresentation" in the disclosure document used in connection with the Offering.

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT (2018-2)
(Senior Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Senior Series 2017-1 Supplemental Indenture (the "**Senior Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about April 24, 2018 of Senior Notes bearing the full designation "3.52% Senior Notes due May 15, 2038, Series 2018-2" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Senior Warehouse Supplemental Indenture, the date of issuance of the Senior Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Senior Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $400,000,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Senior Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Senior Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Senior Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4(a) of the Senior Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Senior Notes. If the Special Principal Payment Date has not

occurred by May 15, 2018 this Special Principal Payment Date Agreement shall cease to be of any force and effect.

7. Except as modified hereby, the provisions of the Senior Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Each Series 2017-1 Senior Noteholder acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 20th day of April, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

[Signature page to Special Principal Payment Date Agreement (2018-2) – Senior Warehouse]

S-2

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name: Ahmad Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement (2018-2) – Senior Warehouse]

ROYAL BANK OF CANADA, as Administrative Agent

By: _____
Name: Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: NUR KHAN
MANAGING DIRECTOR

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

By: _____
Name: Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: NUR KHAN
MANAGING DIRECTOR

ROYAL BANK OF CANADA, as a Group Bank

By: _____
Name: Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: NUR KHAN
MANAGING DIRECTOR

CANADIAN IMPERIAL BANK OF COMMERCE, as a Group Bank

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE**, as a CP Conduit Purchaser

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE**, as a CP Conduit Purchaser

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

S-5

GOLDMAN SACHS BANK USA,
as a Non-Conduit Purchaser

By: _____
Name: Charles D. Johnston
Title: Authorized Signatory

By: _____
Name:
Title:

[Signature page to Special Principal Payment Date Agreement (2018-2) – Senior Warehouse]

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT (2018-2)
(Subordinated Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Subordinated Series 2017-1 Supplemental Indenture (the "**Subordinated Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about April 24, 2018 of Subordinated Notes bearing the full designation "3.834% Subordinated Notes due May 15, 2038, Series 2018-2" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Subordinated Warehouse Supplemental Indenture, the date of issuance of the Subordinated Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Subordinated Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $305,882,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Subordinated Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Subordinated Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Subordinated Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4 of the Subordinated Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Subordinated Notes. If the Special Principal Payment Date has not occurred by May 15, 2018 this Special Principal Payment Date Agreement shall cease to be of any force and effect.

7. Except as modified hereby, the provisions of the Subordinated Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Ontario Power Generation Inc. acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 20th day of April, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President - Treasurer

[Signature page to Special Principal Payment Date Agreement (2018-2) – Subordinated Warehouse]

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name: Ahmad Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement (2018-2) – Subordinated Warehouse]

ONTARIO POWER GENERATION INC.

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

[Signature page to Special Principal Payment Date Agreement (2018-2) – Subordinated Warehouse]

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT (2018-2)
(Junior Subordinated Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture (the "**Junior Subordinated Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about April 24, 2018 of Junior Subordinated Notes bearing the full designation "4.214% Junior Subordinated Notes due May 15, 2033, Series 2018-1" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Junior Subordinated Warehouse Supplemental Indenture, the date of issuance of the Junior Subordinated Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Junior Subordinated Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $78,431,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Junior Subordinated Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Junior Subordinated Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Junior Subordinated Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4 of the Junior Subordinated Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Junior Subordinated Notes. If the Special Principal Payment Date has not occurred by May 15, 2018 this Special Principal Payment Date Agreement shall cease to be of any force and effect.

7. Except as modified hereby, the provisions of the Junior Subordinated Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Ontario Power Generation Inc. acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 20th day of April, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President - Treasurer

[Signature page to Special Principal Payment Date Agreement (2018-2) – Junior Subordinated Warehouse]

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name: Ahmad Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement(2018-2) – Junior Subordinated Warehouse]

ONTARIO POWER GENERATION INC.

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and
Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

[Signature page to Special Principal Payment Date Agreement (2018-2) – Junior Subordinated Warehouse]

From:	Carlos Yep
To:	Mike Manning; Ken Kandeepan; John Psinas; John Kim; Ronald Kwan; Gadi Mayman; Anna Strathy
Subject:	FW: Fair Hydro Trust, 2018-1 Senior Notes, due 15 May 2033 - in bond index as Corporate securitized ABS
Date:	Tuesday, February 13, 2018 11:29:55 AM
Attachments:	image001.png

FYI

From: PC-Bond Index Team [mailto:pcbond@FTSERussell.com]
Sent: Friday, February 02, 2018 11:07 AM
To: PC-Bond Index Team <pcbond@FTSERussell.com>
Subject: Fair Hydro Trust, 2018-1 Senior Notes, due 15 May 2033

Dear FTSE TMX Client,

A new issuer is being brought to market – Fair Hydro Trust, 2018-1 Senior Notes, due 15 May 2033

Based on review of information available thus far, FTSE Russell would expect to classify this security as **Corporate Securitized ABS,** given the structure of the issuer and in particular its bankruptcy remote nature**,** for the purposes of Index Consideration.

For further information please contact FTSE Russell at ftsebond@ftserussell.com or call 416.572.7979

Regards,

PC-Bond Index Team

FTSE TMX Global Debt Capital Markets Inc.

FTSE Russell
70 York St, Suite 1520
Toronto, Ontario Canada L4J 8Z7
Tel: +1 416 572 7979
www.ftserussell.com[ftserussell.com]

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FTSE
Russell

From:	Ronald Kwan
To:	John Kim; Bruno Amara
Cc:	Usman Zahid; Emily Kerr
Subject:	FW: Financing Plan under The Ontario Fair Hydro Plan Act 2017 ("the Act")
Date:	Wednesday, December 20, 2017 10:32:48 AM
Attachments:	December 20 2017 letter to Hon. Glenn Thibeault.pdf ATT00001.htm

---

Hi All,

See attached. Please treat as confidential and sensitive.

Thanks,
Ron

From: Gadi Mayman
Sent: December-20-17 10:22
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: Fwd: Financing Plan under The Ontario Fair Hydro Plan Act 2017 ("the Act")

Begin forwarded message:

> **From:** "LORD Bernard -BOARDCHAIR" <bernard.lord@opg.com>
> **To:** "'glenn.thibeault@ontario.ca'" <glenn.thibeault@ontario.ca>
> **Cc:** "Serge Imbrogno (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Charles Sousa (MOF)" <Charles.Sousa@ontario.ca>, "Scott Thompson (CAB)" <Scott.Thompson@ontario.ca>, "Gadi Mayman" <Gadi.Mayman@ofina.on.ca>, "LYASH Jeffrey -PRESIDENT" <jeffrey.lyash@opg.com>
> **Subject: Financing Plan under The Ontario Fair Hydro Plan Act 2017 ("the Act")**
>
> Good Morning,
>
> Please see the attached letter from Bernard Lord.
>
> Regards,
>
> Rosemarie
>
> **Rosemarie Hoilett**
> Executive Assistant - Jeff Lyash President & CEO | Bernard Lord Board Chair
> **Ontario Power Generation**
> 700 University Ave | H19-A24

Toronto ON M5G 1X6
416-592-2114 | rosemarie.hoilett@opg.com

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ONTARIO POWER GENERATION

Bernard Lord
Board Chair

700 University Avenue Toronto, ON M5G 1X6

Tel: 416-592-2115
bernard.lord@opg.com

Wednesday, December 20, 2017

The Honourable Glenn Thibeault
Minister of Energy
4th Floor, Hearst Block
900 Bay Street
Toronto, Ontario
M7A 2E1

Hand Delivered and sent via email

Dear Minister Thibeault,

Re: Financing Plan under the Ontario Fair Hydro Plan Act, 2017 (the "Act")

I am writing further to our recent exchange of letters and the most recent one dated May 19, 2017, regarding the delivery of a Financing Plan by OPG as Financial Services Manager of the Fair Hydro Trust under the Act. I am pleased to advise that OPG's delivery of the Financing Plan was confirmed by the OPG Board on November 22, 2017, and it is enclosed herewith.

Sincerely,

Bernard Lord
Board Chair

cc (by email):
The Honourable Charles Sousa, Minister of Finance
Scott Thompson, Deputy Minister of Finance
Serge Imbrogno, Deputy Minister of Energy
Gadi Mayman, CEO, Ontario Financing Authority
Jeff Lyash, President and CEO, Ontario Power Generation

Enclosure

FAIR HYDRO TRUST
FINANCING PLAN

December 18, 2017

Table of Contents

A. Background 3
1. Financing Entity – Fair Hydro Trust 4
2. OPG's Duties and Responsibilities 5
3. Fair Allocation Amount and the Financing Plan 6
B. Principles and Assumptions of the Financing Plan 9
1. IESO Deferral for Future Months 9
2. Future Transfers of Portions of the IESO's Regulatory Asset 9
3. Term to Maturity of Funding Obligations 9
4. Refinancing 11
5. Cash Flow Requirements 11
6. Current Funding Options and Related Terms and Conditions 12
7. Currency and Interest Rate Hedging Programs 13
8. Fair Hydro Trust Costs and Expenditures 13
9. Interest Rates 14
10. Finance and Capital Reserve Accounts 15
11. Indemnifications 16
12. Financial Services Manager's Fees 18
C. Other Considerations 19
1. Market 19
2. Application of Recovery Amounts to Funding Obligations 19
3. Risk Mitigation Strategies 21
4. Tax Minimization Strategies 22
D. Execution Plan for First Investment Asset Purchase 22
E. Glossary of Terms 23

A. Background

In June 2017, the Province enacted the *Ontario Fair Hydro Plan Act, 2017* (the **Act**), to establish a framework under which the costs and benefits associated with the Government of Ontario's (the **Province**) Clean Energy Initiatives are to be fairly allocated between present and future consumers of electricity under Ontario's Fair Hydro Plan (Fair Hydro Plan or FHP). The Act requires the Ontario Energy Board (**OEB**) to set rates that would reduce electricity bills for a proxy regulated rate specified consumer by 25 percent commencing on July 1, 2017. The total bill reduction is comprised of the 8 percent rebate equivalent to the Provincial portion of the Harmonized Sales Tax, the shifting of funding for electricity support programs from electricity bills to provincial revenues, and by decreasing electricity rates for specified consumers paying the Regulated Price Plan (**RPP**) rate. The OEB is providing a Global Adjustment reduction credit for non-RPP specified consumers.

The reduction in electricity bills will result in a shortfall in the Independent Electricity System Operator's (**IESO**) collections, which will need to be financed in order to pay the underlying global adjustment costs (**GAC**). The objective of the Fair Hydro Plan Program (**FHP Program**) is to refinance a portion of the deferred GAC over a longer period.

Under the Act, OPG is appointed as the Financial Services Manager (**FSM**) and is given the authority to, among other things, establish and manage one or more financing entities to raise debt financing (referred to as "Funding Obligations") for the purposes of the Act. The Act requires the Minister of Energy (**MOE**) to calculate the Fair Allocation Amount and for the FSM to incur Funding Obligations that, subject to refinancing, reasonably align with the Fair Allocation Amount, as adjusted by any readjustment amount.

The following attendant regulations were enacted in support of the Act:

- *Ontario Regulation 206/17 General* (**General Regulation**) provides details on specific requirements of the Act, in particular, the requirements for the Financing Plan.
- *Ontario Regulation 195/17 Fair Adjustment* provides details on rate reductions up to April 30, 2019 for specified consumers under the Act.
- *Ontario Regulation 196/17 Invoicing Requirements* provides details on information to be included with the invoice for specified consumers under the Act.

Under sections 21(1) and 21(2) of the Act, OPG, as FSM, has an obligation to prepare a Financing Plan in accordance with the Act and regulations, and to deliver it to the Minister of Energy. Under section 21(6) of the Act, the FSM has the right to amend the Financing Plan from time to time, without affecting any Clean Energy Adjustment that has already been determined or any Funding Obligations that have already been incurred before the amendment.

This Financing Plan was prepared based on the information available to, and the views of, OPG at the time this Financing Plan was prepared (or amended, as applicable). This Financing Plan also includes forward-looking information, which is subject to change. Actual outcomes and results may differ materially from what is expressed, implied or forecasted due to, but not limited to, changes in underlying assumptions relating to the Fair Allocation Amount, interest rates, investor interest, market capacity, market conditions, and credit rating assessments. References made to the "current Fair Allocation Amount" pertains to the Fair Allocation Amount received by OPG from the MOE at the end of September 2017. Terms that are capitalized and not defined

herein have meanings ascribed to the same terms as in the Act or in the General Regulation. All amounts presented are in Canadian dollars.

1. Financing Entity – Fair Hydro Trust

Trustees

In December 2017, OPG as FSM, appointed Computershare Trust Company of Canada to act as the third party issuer trustee (Computershare or **Issuer Trustee**). Following its appointment, the Fair Hydro Trust (the **Trust**) was established as a financing entity contemplated in the Act through a declaration of trust. The Trust is structured to be bankruptcy remote from OPG. The Issuer Trustee is empowered under the declaration of trust to appoint, employ or contract with any person for the transaction of the Trust's activities. Under the Management Agreement between the Trust (by the Issuer Trustee) and OPG, the Trust appointed OPG as its agent to provide services and perform duties for the Trust in planning, implementing and administering the debt financing for the FHP Program.

In December 2017, OPG as FSM, appointed BNY Trust Company of Canada, as the third party indenture trustee (BNY or **Indenture Trustee**). The Indenture Trustee will be acting on behalf of all specified creditors, who are all persons who may have contractual claims against the Trust under the FHP Program agreements contemplated by the Master Trust Indenture (**MTI**) governing the debt issued by the Trust.

Unitholders

The Trust will carry on activities for the benefit of its unitholders outlined below:

Table 1: Fair Hydro Trust Unitholders

Unitholder	Number of Units Held
FHP2017 Inc., a wholly-owned subsidiary of OPG	1,000,000
BNY, as Indenture Trustee	1
Total Units Outstanding	**1,000,001**

Trust Capitalization Structure

The Trust will be 100 percent debt financed and the contemplated source of funding is summarized in Table 2.

Table 2: Type and Source of Debt Funding

Tranche and Debt Type	Source of Funding	% of Total Funding Requirement
Tranche A Senior Debt	Capital Markets	51%
Tranche B Subordinated Debt	OPG via Province	39%
Tranche C Junior Subordinated Debt	OPG via Province	5%
	OPG via Capital Markets	5%

The Trust will issue senior debt in the capital markets to finance 51 percent of the total funding requirement related to the deferred GAC (Tranche A). The financing platform was developed to allow the Trust access to both the Canadian and United States (**US**) markets in order to optimize pricing, provide flexibility, and market capacity. Further details on the types of financing that can be utilized are outlined under the heading *Current Funding Options*.

Through periodic equity injections in OPG, the Province is expected to provide 44 percent of the total funding requirement throughout the duration of the FHP Program. OPG will invest the proceeds from the equity injections into the Trust, with 39 percent in Tranche B as subordinated debt and five percent in Tranche C as junior subordinated debt.

OPG will invest the remaining five percent of the total funding requirement in Tranche C as junior subordinated debt, using internally generated funds or proceeds raised from debt issuances from the public markets.

2. OPG's Duties and Responsibilities

Financial Services Manager under the Act

OPG, as FSM, will perform its duties and responsibilities under the Act and its attendant regulations. These include, but are not limited to, the following:

- Establish one or more financing entities to incur Funding Obligations for the FHP Program
- Prepare a written Financing Plan to be used by OPG to evaluate the incurrence of Funding Obligations to acquire and finance a portion of the GAC deferral
- Ensure that Funding Obligations are incurred in a manner that is consistent with the Financing Plan
- Forecast the cash flow requirements of the financing entities
- Determine the monthly Clean Energy Adjustment for a particular Reference Period
- Administer the Investment Asset on behalf of the financing entities
- Establish and charge fees to the financing entities to recover costs and expenditures and to earn a return

- Seek the best terms available at the time of incurrence of a Funding Obligation, having regard to other financing transactions of similar size and type
- Apply debt proceeds to purchase an Investment Interest or repay or redeem outstanding debt
- Consider the interests of specified consumers with respect to stable and predictable electricity rates
- Deal with related parties on arm's length terms
- Fulfil various reporting requirements to stakeholders

Manager under the Management Agreement

OPG has also entered into a management agreement with the Issuer Trustee, on behalf of the Trust, whereby all of the powers and duties of managing the Trust have been delegated to OPG as the manager. The duties and responsibilities associated with this role includes:

- Determining whether to incur Funding Obligations to acquire an Investment Interest or to refinance existing Funding Obligations;
- Negotiating and entering into program agreements;
- Maintaining accounts and banking records;
- Preparing any offering documents furnished by the Trust to prospective purchasers of Funding Obligations; and
- Preparing financial statements and tax filings on behalf of the Trust.

OPG's entitlement to fees, as FSM, is subject to the payment priorities outlined in the MTI and summarized in Section C, *Application of Recovery Amounts to Funding Obligations,* Figure 5. The FSM is not entitled to resign from its duties or terminate the management agreement as long as Funding Obligations remain outstanding. OPG may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the MTI.

3. Fair Allocation Amount and the Financing Plan

The Fair Allocation Amount, including the readjustment amount where applicable, is an amount calculated under the Act and the regulations by the MOE for every Reference Period over the term of the FHP Program. It is intended to allocate the estimated Clean Energy Costs and Clean Energy Benefits fairly among specified consumers.

The FSM is required to prepare a Financing Plan under the Act to evaluate whether Funding Obligations should be incurred by the Trust. OPG is to have regard to certain prescribed principles (outlined in detail in Section B below), including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will, subject to refinancing, reasonably align with the Fair Allocation Amount determined in respect of such Reference Period, as adjusted by a readjustment amount where applicable. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by specified consumers to ensure that they are bearing their fair share of the costs of providing Clean Energy Benefits. The Act also provides that each Funding Obligation is deemed

to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Figures 1 and 2 illustrate the FHP Program's financing profile over the next 30-year period.

Figure 1: Fair Hydro Trust Debt Balance

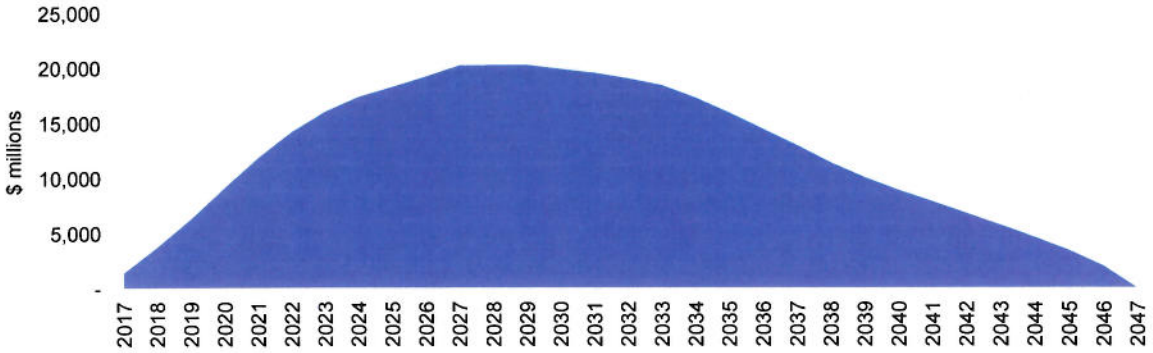

Figure 2: Fair Hydro Trust Borrowing and Repayment Profile

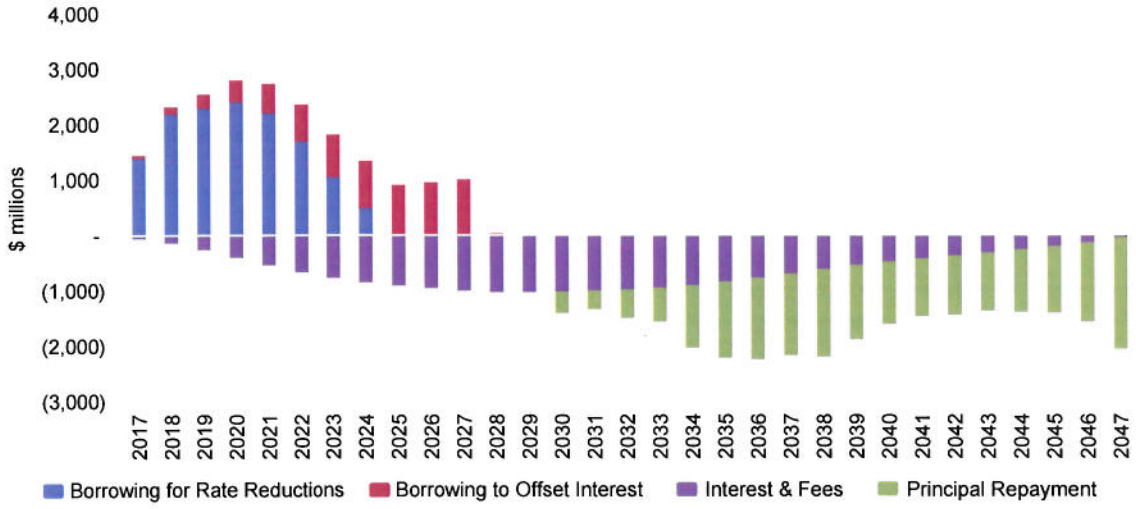

The Fair Allocation Amount is a net amount, either positive or negative, equal to the difference between the following:

1) estimated costs of Clean Energy Initiatives without adjustment; and
2) a re-profiling of the costs in item 1) plus:
    a. the estimated operating and financing costs of the FHP Program, and
    b. the repayment of the readjustment amount.

A negative Fair Allocation Amount in any Reference Period generally represents a period of borrowing, and a positive Fair Allocation Amount generally represents a period of principal repayment.

In a Reference Period when the Fair Allocation Amount is negative, the operating and financing costs of the FHP Program are shown in the Fair Allocation Amount calculation as an increase in the debt of the FHP Program. This treatment is equivalent to increasing the amount of the deferred GAC. The repayment of the related debt is included in the Fair Allocation Amount calculation to establish that all debt will be repaid by the end of the FHP Program. During these periods, operating and financing costs of the FHP Program are considered to align with the Fair Allocation Amount as long as these costs do not exceed the corresponding components in the Fair Allocation Amount calculation in any Reference Period by more than +/- 15 percent. If these costs exceed the corresponding components of the Fair Allocation Amount by more than +/- 15 percent, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount. Variability in costs is expected throughout the FHP Program as the Fair Allocation Amount was calculated on a forecast basis. Accordingly, any variability that is less than +/- 15 percent is deemed to be within an acceptable range.

Assessment for Reasonable Alignment

The Act stipulates that the Financing Plan must reasonably align with Fair Allocation Amount. This requirement is expected to be achieved through the consistent application of the following methodology, guidelines, and steps throughout the term of the FHP Program:

- Maintain a financial model that captures the Funding Obligations requirements of the Trust. Translate the funding requirements into expected cash flows by determining the related interest amounts, reserve requirements, fees, principal repayment, and the Trust's operating costs. This exercise will be performed for each Reference Period over the term of the program.
- Determine and assess the following:
    - For Reference Periods when the Fair Allocation Amount is negative, determine whether the forecast cash flow requirements is less than or equal to the financing and operating costs reflected in the Fair Allocation Amount as additional debt of the Trust. If the forecast cash flow requirements exceed the addition to the debt in the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
    - For Reference Periods when the Fair Allocation Amount is positive, determine whether the forecast cash flow requirements is less than or equal to the Fair Allocation Amount. If the forecast cash flow requirements exceed the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
- Due to the timing of the collection of cash flows, the General Regulation contemplates the use of reserve accounts. Provisions for reserves are excluded from the reasonable alignment assessment as these amounts are required to allow the Trust to incur the Funding Obligations. In addition, the reserve balances will be credited to specified consumers at the end of the term through the true-up mechanism if they are not required to satisfy terms of any Funding Obligation agreements pursuant to the MTI. Refer to *Financing Reserve and Capital Accounts* for more information on reserve accounts.

- Utilize and apply an accrual methodology when determining costs of the program, except for debt issuance costs, principal repayments, and reserve requirements.

The FSM will establish a methodology for assessing reasonable alignment at such time when a new Fair Allocation Amount letter is received from the MOE.

B. Principles and Assumptions of the Financing Plan

This section outlines the various principles and assumptions that guided the development of this Financing Plan in accordance with the Act and section 14 of the General Regulation. The same principles and assumptions will apply to all subsequent revisions of the Financing Plan, if required.

The FSM is required to make reasonable assumptions regarding the following matters:

1. IESO Deferral for Future Months

The FSM will base its expectation of the IESO deferrals on the most current version of the Fair Allocation Amount and readjustment amounts provided by the MOE. Actual IESO deferrals and forecasts of near term deferrals, if available, will be used to guide forecast deferrals over the next quarter.

2. Future Transfers of Portions of the IESO's Regulatory Asset

The Trust anticipates periodic purchases of Investment Assets from the IESO when the cumulative balance of its regulatory assets is large enough to be financed and when effective financing options are available to the Trust. The market capacity for both long-term and short-term debt financing will also be key elements to consider when determining the most cost efficient option.

3. Term to Maturity of Funding Obligations

Initial Term Debt Tranche – 2018 Borrowing

The forecast debt profile for the Trust based on the current Fair Allocation Amount received from the Province at the end of September 2017 indicates that principal repayments can commence in 2030 (see Figure 3). However, the principal repayment amount for that year is expected to be relatively small at approximately $400 million for the year or about $200 million for each six-month Reference Period. Accordingly, principal repayment of the initial 2018 term debt tranche is expected to commence in 2032 when the cumulative principal repayment amount reaches approximately $1 billion, which indicates a minimum term for the initial debt issuance of approximately 15 years. This offering is expected to include $500 million of senior notes, which is a sizeable amount to ensure sufficient liquidity and marketability. Subsequently, principal repayment increases to approximately $1.5 billion annually or $0.75 billion for each Reference Period by around 2035 allowing for larger single maturities.

Figure 3: Principal Repayment Profile Based on Current Fair Allocation Amount

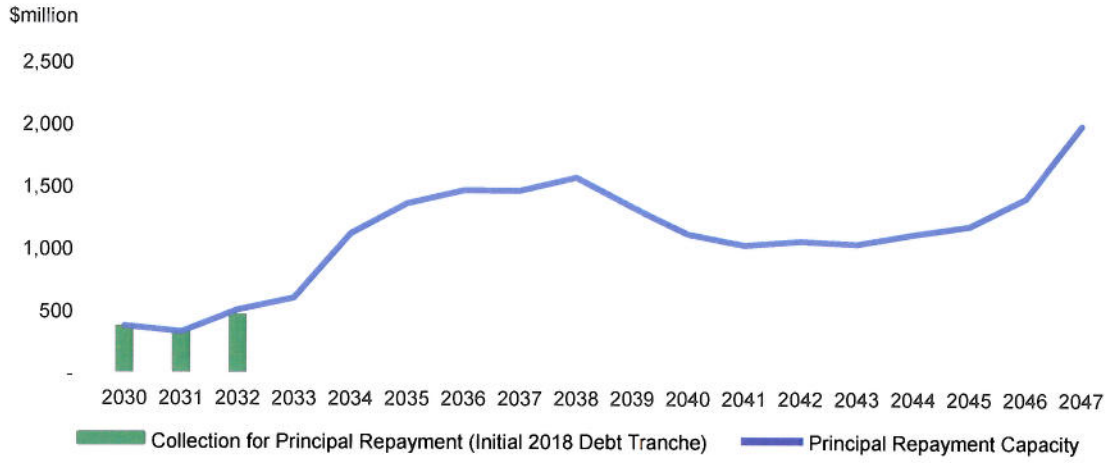

This length of term for an asset-backed security (**ABS**) has no precedence in the Canadian market where terms are typically 10 years or less. Therefore, it is expected that a higher premium will be required to attract investors. Refer to Table 3 under the heading *Interest Rates* for the indicative current pricing range for all debt tranches, including senior debt.

For a new issuer such as the Trust offering a unique program, a strategy of issuing a 15-year term paper may not provide an optimal initial pricing given the absence of a specific credit curve for the Trust. It is expected that at program inception, the Trust will issue debt to cover both short and long-term exposures. The terms of maturities will be staggered, up to year 30, with maturities capped at the projected Fair Allocation Amount and readjustment amount, during each six-month Reference Period. In addition, consideration for a combination of characteristics established by the Fair Allocation Amount curve and investor interest will drive the term of a Funding Obligation.

Indicative Debt Maturities for Borrowings

Using the current Fair Allocation Amount, the forecast debt maturities over the life of the FHP Program was derived in Figure 4 for illustrative purposes only and is current as of the date of this Financing Plan. Actual debt maturities may differ materially from what is illustrated in Figure 4 primarily due, but not limited to, future changes in the Fair Allocation Amount.

Figure 4: Indicative Debt Maturities Using the Current Fair Allocation Amount

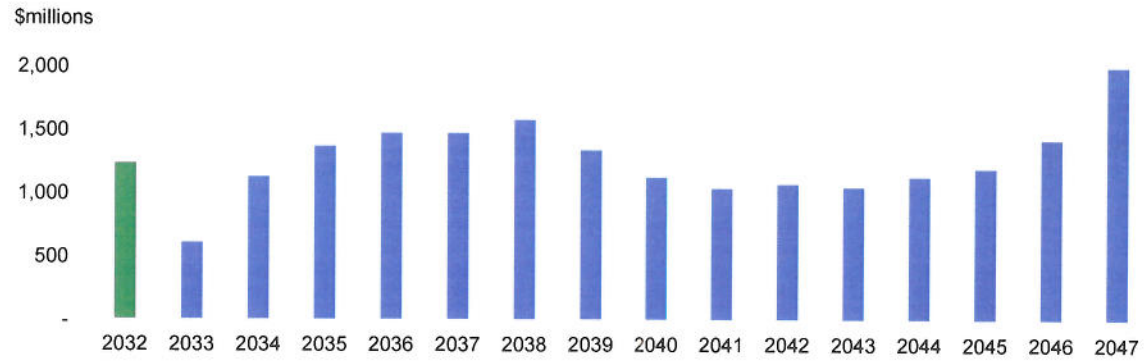

The key objective when determining the indicative debt maturities in Figure 4 is to align the annual amount of debt maturities with the principal repayment capacity under the Fair Allocation Amount curve. In years where the principal repayment capacity is less than $500 million, the debt maturities will fall in subsequent years where the cumulative maturities do not exceed the cumulative principal repayment capacity. This type of decision will be made along with other considerations such as size of each issuance to ensure liquidity (and thus, cost efficiency). As this schedule is based on the current Fair Allocation Amount curve and its underlying assumptions, a shift in the curve and/or any changes in the assumptions will result in changes to this indicative debt maturity schedule.

4. Refinancing

The MTI requires the Trust to establish and maintain a deposit account in the name of the Indenture Trustee for a refinancing account held for the benefit of the Indenture Trustee and specified creditors. All proceeds arising from notes and borrowings related to refinancing shall be deposited to this refinancing account.

Debt refinancing may occur under the following scenarios:

- When original financing is incurred, the short end of the yield curve is more cost efficient than the long end, on a relative basis;
- The Fair Allocation Amount or readjustment amount is updated; and
- In line with the provisions of the Act, no Clean Energy Adjustments will be collected from specified consumers between July 1, 2017 and April 30, 2021. Accordingly, any debt maturities during this period will need to be refinanced.

Refinancing decisions will be guided by the Trust's ability to secure cost efficient long-term financing from investors and the maximum principal repayment profile dictated by the Fair Allocation Amount curve. Given the current Fair Allocation Amount, the FSM expects that debt issuances during the moratorium period will be a minimum of 15-year terms.

However, if market conditions are such that short-term notes (e.g. 5-year notes), along with hedging the refinancing of these notes after 5 years, could be more cost effective than issuing longer term notes, the FSM may consider such a strategy instead of issuing 15-year notes. In the event of an update to the Fair Allocation Amount or the readjustment amount that leads to a significant change in the profile whereby collections of CEAs could start earlier, short-term notes could also be issued.

5. Cash Flow Requirements

The Trust's cash flow requirements to meet its contractual obligations include, but are not limited to, the following:

- Payment of taxes, if any
- Reimbursing the FSM for costs and expenditures outlined in sections 10.2 (3) and 10.13 (3) of the General Regulation and summarized under the heading *Fair Hydro Trust Costs and Expenditures*
- Interest and fees on all outstanding borrowings
- Scheduled principal repayments

- Deposits or transfers to reserve accounts required by the MTI and summarized under the heading *Financing Reserve and Capital Accounts*
- OPG's fees as FSM as summarized under the heading *Financial Services Manager's Fees*
- Termination payments to defaulting derivative counterparties, if applicable

Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations* for the cash flow receipts' payment priority.

6. Current Funding Options and Related Terms and Conditions

To achieve cost efficiencies, the following funding vehicles could be utilized in either the Canadian or US markets (except for the subordinated debt), from time to time, depending on the financing requirement, as well as market capacity and relative pricing at the time of issuance:

- **Short Term**: asset-backed commercial paper (**ABCP**) conduit and revolving bank lines of credit in the Canadian market
- **Medium to Long-Term**: term ABS and privately placed debt securities in either the Canadian or US markets
- **Subordinated Debt**: to be provided by OPG

Syndicated Short-Term Warehousing Facility

Short-term notes will be issued by the Trust to fund short-term borrowing requirements. The amount outstanding will be periodically refinanced and repaid by long-term funding from the capital markets once the cumulative amount of the Investment Asset available to be purchased is approximately $300 million to $500 million. This warehouse facility is expected to be utilized on a monthly basis to fund the Investment Asset purchases from the IESO.

The Trust will be securing a warehouse facility agreement with a bank syndicate comprising of CIBC, RBC, and Goldman Sachs for $800 million under a 2-year committed term, which would be primarily funded through their ABCP conduit.

Revolving Bank Lines of Credit

This type of funding option provides the Trust with a warehouse facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period. This bank funding option will be utilized when it is more cost effective than short-term notes.

Term ABS

ABS are notes that will be backed by the Trust's Investment Asset and issued under the MTI. The specific terms and conditions of each series, class or tranche of notes will be set forth in a supplemental indenture and, if applicable, a terms document authorizing that series, class or tranche.

To minimize financing costs, term ABS bullet bonds will be used rather than amortizing bonds, which require an additional premium by investors. The current intent is to issue term ABS notes in the 15 to 25 year term to fill out the yield curve based on the Fair Allocation Amount and investor demand.

Subordinated Debt

Concurrent with every issuance of senior debt by the Trust, it is expected that OPG will acquire subordinated debt in an amount not to exceed 49 percent of all outstanding debt of the Trust at any time. The subordination of OPG's debt investment plays an important credit enhancement role, which is expected to minimize the cost of senior debt tranches in the external market by garnering a higher rating through some differentiation. The subordinated debt will assume substantially all of the liquidity and deferral risk for the structure. Accordingly, the cash flow payment waterfall in Figure 5 reflects this subordination structure.

The credit rating for the subordinated debt will be dependent on the rating agency assessment and evaluation of the stress credit scenarios. It is expected that there will be a minimum of one rating category differential between each debt tranche.

The interest rate applicable to subordinated debt is expected to be the aggregate of:

- The applicable base rate, which is the relevant senior debt rate, plus
- The applicable spread, which represents the additional interest, in basis points, over the base rate that will apply to the relevant subordinated debt. This rate will be established by OPG through an annual survey of market spreads from a syndicate of banks.

The subordinated debt will maintain a minimum of one rating to allow for appropriate benchmarking/pricing. A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample. The terms of the subordinated debt will be finalized prior to the initial debt issuance.

For the short-term subordinated debt lending facility, the banking syndicate will provide OPG with comparable short-term lending spreads on committed bank credit facilities on an annual basis (i.e. ratings based on a pricing grid). A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample.

The process will be consistent with the Subordinated Debt Pricing Protocol between OPG, as FSM, and the Ontario Financing Authority.

7. Currency and Interest Rate Hedging Programs

As the FHP Program develops over time, the Trust will consider interest rate and currency swaps and other hedging instruments, as required. Refer to the Section C, *Risk Mitigation Strategies* for further details on hedging and other instruments that could be used by the Trust.

8. Fair Hydro Trust Costs and Expenditures

The costs and expenditures incurred by OPG as FSM on behalf of the Trust will be in accordance with sections 10.2 (3) and 10.13 (3) of the General Regulation as amended in November 2017.

Specifically, the costs and expenditures incurred by the FSM include, but are not limited to, the following:

1. Underwriters or selling agents for Funding Obligations.
2. Banking fees, including but not limited to structuring fees or work fees.
3. Fees of issuing and paying agents for Funding Obligations.
4. Fees of trustees.

5. Fees incurred in the preparation of financial statements, financial reports, compliance certificates and tax returns.
6. Fees of legal counsel.
7. Rating agency fees.
8. Filing or registration fees.
9. Direct costs of OPG for employees whose work consists exclusively of the provision of services to the Trust in relation to prescribed matters.
10. Costs and expenditures incurred on behalf of any financing entity in connection with OPG's duties under the Act in relation to the financing entity.
11. Costs and expenditures incurred in relation to a management agreement between OPG as FSM and any financing entity, where the agreement provides for the reimbursement of the costs and expenditures.

The costs and expenditures incurred directly by the Trust, as well as the fees of the FSM and the costs and expenditures incurred by the FSM on behalf of the Trust, are Finance Amounts that can be recovered by the Trust (as carrying costs) from the IESO until July 2021 and thereafter through Clean Energy Adjustments charged to specified consumers.

9. Interest Rates

As the FHP Program is expected to last until 2047, it is appropriate to assume that long-term debt rates are the primary components of the financing costs for the overall program. In estimating indicative interest rates for each tranche and debt type, the following key considerations and assumptions were utilized:

- The base case credit rating assumptions are as follows:
  - Target of "AAA" for Tranche A – Senior Debt,
  - "A" for Tranche B – Subordinated Debt which is dependent on the senior debt credit rating, and
  - "BBB" for Tranche C – Junior Subordinated Debt
- Using the projected Province of Ontario long bond rate of 4 percent plus a 25 basis points premium to reflect the securitization structure, the estimated indicative pricing over the life of Tranche A – Senior Debt is 4.25 percent
- For comparative purposes, the current pricing using the Province of Ontario long bond rate of 3.0 percent plus the same 25 basis points premium was included to reflect the current low interest rate environment
- A higher return on the subordinated debt is required to compensate for incremental risks assuming:
  - Rating agencies attribute a lower rating to the subordinated debt relative to the senior debt due to the lower priority in the cash flow waterfall (refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*)
  - Senior debt's rating needs to be credit enhanced to address collection and liquidity risks

To achieve cost efficiencies, the Trust was established with a tiered debt structure to achieve a higher credit rating for the senior debt and to maximize market capacity by accessing the AAA market to achieve cheaper financing costs overall. The following table summarizes the indicative pricing range by debt tranche:

Table 3: Indicative Pricing by Debt Tranche

Tranche and Debt Type	Risk Profile	Source	% of Total Funding Requirement	Rating Category Estimate	Current Pricing	Potential Rating Range	Price Based on Rating Range
Tranche A Senior Debt	Lowest Risk	Capital Market	51%	AAA	3.25%	AAA – AA	3.25% – 3.75%
Tranche B Subordinated Debt	Medium Risk	OPG via Province	39%	A	4.5%	AA – A	4.0% – 4.5%
Tranche C Junior Subordinated Debt	Highest Risk	OPG via Province	5%	BBB	5.5%	A – BBB	5.0% – 5.75%
		OPG via Capital Markets	5%				
Weighted Average					**4.0%**		**3.75% – 4.5%**

The credit range for each debt tranche will be determined by the overall credit strength of the financing structure and its resilience under various credit stress scenarios. The rating agencies' assessment of the limited guarantee to bondholders provided by the Change of Law Protection Agreement, discussed under the heading *Indemnifications*, is one of the major factors that will influence the final ratings of each debt tranche. In addition, in assessing credit stress, the following factors, among others, will be considered: (i) declining energy usage throughout the securitization period, (ii) forecast collections in peak months not materializing, and (iii) declining consumption equal to the largest absolute annual forecast error. The market capacity for securitization notes is predominantly available for AAA-rated notes, limited for AA-rated notes, and not tested or developed for A-rated or lower. The pricing estimates provided in Table 3 reflect these credit and liquidity factors. Debt pricing will be finalized at the time of the initial issuance.

10. Finance and Capital Reserve Accounts

Section 5(1) of the General Regulation stipulates that the Finance Amount shall include any amounts the Trust deposits into capital or finance reserve accounts as required under the governing documents of the Funding Obligations (i.e. the MTI). The accounts also act as a credit enhancement feature in support of the Trust borrowings. Any unused balance in the segregated trust accounts at the end of the term will be credited to specified consumers. Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*, for the priority order of deposits into the reserve accounts.

Section 7.02 of the MTI between the Trust and the Indenture Trustee specifies the establishment and maintenance of the following key reserve accounts:

Finance Reserve Accounts

Program Cash Reserve Account

The Trust shall establish and maintain a Program Cash Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the specified creditors. The Trust is required to deposit to this account the Program Cash Reserve Required Amount during the Reference Period commencing May 1, 2021, being an amount equal to 0.50 percent of the aggregate outstanding principal amount of the senior Funding Obligations, subordinated Funding Obligations and junior subordinated Funding Obligations after giving effect to all settlements on such payment date, or such lesser amount that satisfies the rating agency condition. Amounts available from the collection account will be deposited from time to time in the Program Cash Reserve Account to maintain the balance at the then Program Cash Reserve Required Amount.

Series Finance Reserve Account

From time to time, the Trust may establish a Series Finance Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors. This finance reserve account may be established for the purpose of allowing the Trust to reserve funds to pay finance charges (including, without limitation, interest and payments under derivative agreements) for a series of issuer Funding Obligations.

Capital Reserve Account

Series Capital Reserve Account

From time to time, the Trust may establish a Series Capital Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors. This capital reserve account may be established for the sole purpose of allowing the Trust to accumulate funds to be used to make repayments in respect of Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the related Funding Obligation agreement.

11. Indemnifications

The following forms of indemnities are expected to be issued for the FHP Program:

Change of Law Protection Agreement

The Change of Law Protection Agreement provides bondholders a limited guarantee in the event of a protection event and acts as a credit enhancement for the Trust's senior debt. The guarantee will be triggered if:

i. the Province changes the Fair Hydro legislation/regulations or passes other legislation/regulation; or

ii. a change in the organization or structure of the IESO is implemented or Ontario's electricity market is undertaken at the initiative of the Province or an entity controlled by the Province; or

iii. the Act is declared invalid/unconstitutional.

in each case, in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay funding obligations covered by the agreement, after taking into account and having regard to (i) any funds available at such time to apply to pay such Funding Obligations, including in any finance reserve account, (ii) the availability of any credit enhancement to which the Trust is a party and (iii) any reasonably expected potential effect of a true-up amount under the Act in the Reference Period immediately following the occurrence of an event described above.

Upon the occurrence of a protection event, the Province is required to pay the approved obligations owing by the Trust as they become due and payable provided that the Province has a right of subrogation to receive amounts that the Trust has a right to receive.

Change of Law Process Agreement

Prior to entering into to the Change of Law Process Agreement between OPG and the Province, OPG as FSM provided the Province with an initial forecast setting out OPG's expectations regarding the aggregate maximum amount of debt to be incurred during the initial 24-month forecast period commencing December 1, 2017. This initial forecast amount is designated as the "Initial Protection Agreement Maximum". The Province did not disagree with the initial forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the initial forecast, an inconsistency between the initial forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the initial forecast. Pursuant to the Change of Law Process Agreement, between 9 and 12 months prior to the expiry of the initial 24-month forecast period (and every subsequent 24-month forecast period), OPG as FSM will provide the Province with an updated forecast of the aggregate maximum amount of debt to be issued such 24-month forecast periods. This amount, combined with such future amounts with which the Province has not disagreed, will be the Protection Agreement Maximum.

Table 4 provides the expected debt issuance amounts for the next 24-month period as consistent with the Financing Plan and submitted to the Province pursuant to the agreement.

Table 4: Initial Protection Agreement Maximum

Forecast Period Start Date	Forecast Period End Date	Expected Amount of Debt Issuance ($M)
December 1, 2017	December 31, 2017	$1,179
January 1, 2018	December 31, 2018	$2,591
January 1, 2019	November 30, 2019	$2,553
Initial Protection Agreement Maximum:		**$6,323**

Issuer Trustee

Each of the Issuer Trustee and its related parties will be indemnified out of the trust property from and against all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind arising out of, among other things, the declaration of trust or any other program agreement, the administration of the Trust's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, willful misconduct, bad faith or negligence.

Limited Recourse

The obligation of the Trust to pay principal and interest on the Funding Obligations is subject to the allocation and payment provisions in the MTI and the applicable Funding Obligation agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, OPG nor the Issuer Trustee in its individual capacity will be personally liable for the payment of the principal or interest on the notes or any other Funding Obligation, or for the Trust's covenants and agreements contained in the MTI.

12. Financial Services Manager's Fees

All fees charged by OPG to the Trust will be in accordance with the provisions of the General Regulation.

Subject to OEB approval, OPG is entitled to the following:

- For 2017, OPG will receive $3.1 million and an amount to cover up-front costs incurred between June 1 and December 31, 2017 by OPG on behalf of the Trust (e.g. legal fees, rating agency fees, trustee fees). The $3.1 million includes a $600,000 fee and $2.5 million to cover costs incurred prior to June 1, 2017. The expenses between June 1 and December 31, 2017 will also include direct costs of OPG employees who are dedicated exclusively to Fair Hydro matters.
- For January 2018 to March 2019, OPG will receive a general fee consisting of (i) a monthly base fee equal to 7.5 basis points, divided by 12, multiplied by the average outstanding debt of the Trust, calculated on a monthly basis, (ii) a variable fee that is calculated based on how the interest rate for external funding tranches for that period compare to forecast interest rates for the period (and which fee is limited to ± 2 percent of 5 percent of the total

external funding tranches issued in the period), and (iii) third-party expenses and direct employee costs of dedicated Fair Hydro employees.

- For April 2019 to March 2020, and every 12-month period thereafter, OPG will make submissions to the OEB on the base fee, variable fee and expenses. The base fee will be based on comparable fees charged by full-service managers of securitization vehicles (and other similar funds). The variable fee will be calculated in the same manner noted above, but with a refresh of forecast interest rates for the relevant period. For 2019 onward, the expenses will include direct employee costs of dedicated Fair Hydro employees only if the fees of comparable managers also include such direct costs.

A written confirmation from OPG's external auditor or another external auditor is required to accompany each submission to the OEB for the recovery of expenditures incurred by OPG on behalf of the Trust. The report shall confirm the accuracy of the costs and expenditures charged to the Trust, that such amounts were incurred by OPG, and the amounts were paid to third parties (with the exception of direct employee costs).

C. Other Considerations

1. Market

The FHP Program's financing platform was developed to allow for access to both the Canadian and US markets in order to have the best pricing and flexibility options. To the extent that the Canadian market has sufficient capacity and provides cost efficiency, priority will be given to the domestic market. However, there is no precedence in the Canadian market for term ABS notes longer than 10 years, nor the size of funding required by the FHP Program. Due to this, the ability to access the US market provides the program additional financing capacity in the event that the Canadian market cannot support the financing requirement. The FSM will make its decision on which market to access on a deal-by-deal basis.

2. Application of Recovery Amounts to Funding Obligations

Section 7.04(e) of the MTI outlines the payment priorities for the Trust's receipt of cash flows. Figure 5 below summarizes the significant components of the payment waterfall.

Figure 5: Payment Waterfall for Fair Hydro Trust Cash Collections

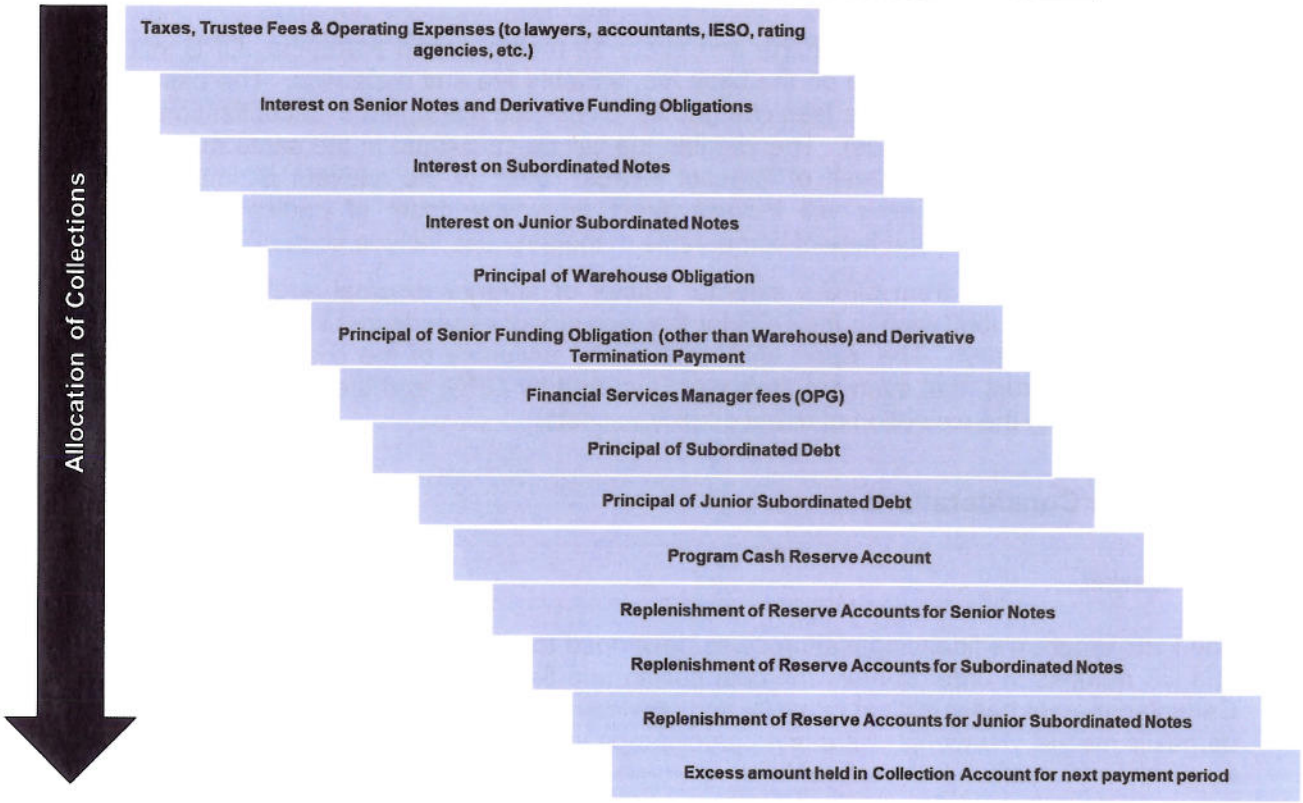

Payment Priorities

On each payment date, all amounts on deposit in the collection account will be paid out in the following order of priority:

1. to pay (A) all taxes exigible for which a governmental authority is given priority over the specified creditors under the laws of the applicable jurisdiction, and then (B) fees, expenses and reimbursements owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of equal to $150,000, multiplied by the number of series of senior Funding Obligations outstanding on the payment date, divided by 12;
2. to pay (A) interest, fees and other amounts owing in respect of senior debt and (B) amounts payable to derivative counterparties other than termination payments;
3. to pay interest, fees and other amounts owing in respect of subordinated debt;
4. to pay interest, fees and other amounts owing in respect of junior subordinated debt;
5. to pay principal owing in respect of warehouse debt;
6. to pay (A) principal owing in respect of senior debt to the extent required to satisfy any payment of principal; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;
7. to pay fees, expenses, reimbursement and indemnity amounts owing to the FSM;
8. to pay principal owing in respect of subordinated debt to the extent required to satisfy any payment of principal;

9. to pay principal owing in respect of junior subordinated debt to the extent required to satisfy any payment of principal;
10. to deposit to the Program Cash Reserve Account, if the amount on deposit is less than the required amount;
11. to replenish any reserve account in respect of senior debt, the amount required pursuant to the applicable Funding Obligation agreement;
12. to replenish any reserve account in respect of subordinated debt, the amount required pursuant to the applicable Funding Obligation agreement;
13. to replenish any reserve account in respect of junior subordinated debt, the amount required pursuant to the applicable Funding Obligation agreement;
14. to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all Funding Obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Trust.

3. Risk Mitigation Strategies

Currency Risk

If the Canadian market cannot support the financing capacity of the FHP Program in the future and/or it is less cost efficient than the US market at the time of each subsequent debt issuance, the Trust will access the US market for long-term financing.

Under this scenario, hedges will be considered to mitigate currency exposure. For the initial debt issuance in 2017, it is anticipated that funding will be sourced from the Canadian market only as it is expected to be more cost efficient and there is sufficient market capacity.

Interest Rate and Refinancing Risk

The FHP Program is expected to span over a 30-year period until 2047 with various series of notes expected to be issued at various maturity dates. Given the long-term timeline of the program, it is subject to interest rate and refinancing risk.

Interest rate hedges, including bond forwards and/or forward start interest rate swaps, will be considered in the future to mitigate potential interest rate risk and/or refinancing risk in a cost-efficient manner.

Legal and Political Risk

Given the long-term nature of the FHP Program and the potential for changes in provincial policy, the lenders requires that changes to any legislation (including the Act and its attendant regulations) that would materially and adversely affect the ability of the Trust to service interest or principal payments on its debt would be addressed by the Province.

As discussed in Section B, *11. Indemnifications*, the Change of Law Protection Agreement provides bondholders a limited guarantee that the Province will cover the approved obligations of the Trust if the guarantee is triggered.

4. Tax Minimization Strategies

Beneficiary – FHP2017 Inc.

The majority unitholder and beneficiary of the Trust is exempt from federal tax under section 149 of the *Income Tax Act, Canada* and from Ontario tax under section 27 of the *Ontario Taxation Act, 2007*.

The beneficiary is subject to payments in lieu of federal and provincial income taxes (**PILs**). In order to minimize the tax associated with the Fair Hydro Plan, an exemption from PILs payable on income from the Trust has been requested for the beneficiary. This will result in a reduction in the income tax costs related to the Financing Plan.

Fair Hydro Trust

Trust income will be fully distributed to unitholders to ensure that there is no tax payable by the Trust.

D. Execution Plan for First Investment Asset Purchase

The regulatory asset balance available to be purchased from the IESO is expected to be approximately $1.2 billion, representing accumulated GAC deferrals up to the end of November 2017. Given there will be better market access in January 2018 compared to December 2017, the short-term warehouse facility will be utilized to fund the senior debt tranche of the funding requirement for the first investment asset purchase. Accordingly, the size of the short-term funding is approximately $600 million, representing 51 percent of the funding structure allocation from capital markets. OPG will purchase short-term subordinated and junior subordinated debt issued by the Trust for approximately $580 million, representing the remaining 49 percent of the total funding requirement.

Key Activities

The following table outlines the key activities for funding the first purchase of the Investment Asset:

Activity	2017/2018 Timeline
Province's Equity Contribution and Warehouse Facility Closing & Funding to Purchase Investment Asset	December 21, 2017
Term Debt Rating Agencies' Confirmation of Ratings	Week of January 8, 2018
Marketing & Roadshow	Week of January 22, 2018
Term Debt Pricing	Week of February 5, 2018
Term Debt Closing & Funding	T+5 of Pricing Date

E. Glossary of Terms

In this Financing Plan, the capitalized terms used have the following meanings from the Act:

"**Clean Energy Adjustment**" means the amount determined under section 15 and payable by specified consumers

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to specified consumers as a result of the clean energy initiative, including as a result of clean energy costs

"**Clean Energy Costs**" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the Electricity Act, 1998 or any provision that is the successor to that provision, which relate to contracts or amounts for,
    (i) renewable energy generation or capacity,
    (ii) conservation and demand management,
    (iii) energy storage,
    (iv) energy efficiency,
    (v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the Ontario Energy Board Act, 1998 and excluding such other contracts as may be prescribed,
b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and
c) such other costs or estimated costs as may be prescribed

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to,

a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,
b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,
c) promoting conservation, demand management and energy efficiency, and
d) investing in energy infrastructure to ensure a clean, modern and reliable system

"**Fair Allocation Amount**" means an amount calculated under section 20 of the Act

"**Finance Amount**" means the finance amount determined in accordance with the regulations

"**Funding Obligation**" means a payment obligation incurred by or on behalf of an investment interest owner to fund its ownership of an investment interest or a payment obligation that meets such other criteria as may be prescribed

"**Investment Asset**" means the rights and interests described in section 29 of the Act

"**Investment Interest**" means,

a) an ownership interest in the investment asset, and
b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred

"**Reference Period**" means,

a) the period beginning on July 1, 2017 and ending on October 31, 2017, and
b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed,
   (i) every six-month period following the period mentioned in clause (a), or
   (ii) any period shorter than six months, as may be prescribed

From:	Carlos Yep
To:	John Kim; Ken Kandeepan; Ronald Kwan
Cc:	Bruno Amara; John Psinas
Subject:	FW: Investor Package - Fair Hydro Trust
Date:	Wednesday, April 18, 2018 2:11:48 PM
Attachments:	Fair Hydro - Series 2018-2 Senior Notes TS.PDF FHT Investor Presentation - April 2018.pdf Fair Hydro Trust - Confidential Shelf Offering Memorandum.pdf

fyi

From: Martin, Kevin E [mailto:kevin.e.martin@rbccm.com]
Sent: Wednesday, April 18, 2018 2:10 PM
To: Elizabeth Wallace <Elizabeth.Wallace@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Caridia, Alex <alex.caridia@rbccm.com>; Vijay, Shaaj <shaaj.vijay@rbccm.com>; Dorri, Sam <sam.dorri@rbccm.com>
Subject: FW: Investor Package - Fair Hydro Trust

20-year min $300mm, small room to grow.

To launch and price tomorrow.

From: Robertson, Sherry
Sent: April 18, 18 2:06 PM
To: +DS-GM-Bond Sales Desk
Subject: Investor Package - Fair Hydro Trust

THE FOLLOWING HAS BEEN FORWARDED TO INVESTORS

Base Offering Memorandum
Investor Presentation
Term Sheet

Sherry Robertson, MBA | Vice President | Debt Syndication | RBC Capital Markets | (416) 842-7758 |
2nd Floor, North Tower, Royal Bank Plaza | 200 Bay Street, Toronto, Ontario M5J 2W7
sherry.robertson@rbccm.com

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This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January 22, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-2 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Capital Markets Platform" and "Description of Senior Notes" sections of the confidential shelf offering memorandum which contain a more detailed description of certain terms of the Series 2018-2 Senior Notes and the trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-2 Senior Notes will be subject), as supplemented by the term senior series 2018-2 supplemental indenture to the Master Trust Indenture (the "Series 2018-2 Senior Supplemental Indenture") pursuant to which the Series 2018-2 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *April 18, 2018*

FAIR HYDRO TRUST

•% SENIOR NOTES DUE MAY 15, 2038, SERIES 2018-2

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	•% Senior Notes due May 15, 2038, Series 2018-2 (the "**Series 2018-2 Senior Notes**").
Expected Credit Ratings:	DBRS: AAA(sf) Moody's: Aa2(sf)
Principal Amount:	Minimum $300,000,000[(1)]
Term:	20 years
Launch Date:	April •, 2018
Pricing Date:	April •, 2018
Settlement Date:	April •, 2018 (T+3)
Interest Rate:	•% per annum (the "**Series 2018-2 Interest Rate**")
Issue Spread:	+• bps versus Government of Canada curve interpolated between CAN 5% due June 1, 2037 and CAN 4% due June 1, 2041 +• bps (including a • bps curve adjustment and • bps delay adjustment), versus the CAN 5% due June 1, 2037 (priced at $•to yield •%)

(1) The Issuer may offer and sell Series 2018-2 Senior Notes having a principal amount greater than the amount shown above. In that event, the Principal Accumulation Amounts, the principal amounts of the Series 2018-2 Subordinated Notes and the Series 2018-2 Junior Subordinated Notes and the use of proceeds amount will be increased proportionately.

Issue Yield:	•%
Issue Price:	$• per $1,000 principal amount of Series 2018-2 Senior Notes.
Agents Commission:	$5.50 per $1,000 principal amount of Series 2018-2 Senior Notes sold (payable from existing cash resources of the Issuer)
Interest Payment Dates:	The Interest Payment Dates for the Series 2018-2 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event, interest on the Series 2018-2 Senior Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-2 Senior Notes on each Payment Date thereafter at a rate equal to the monthly equivalent of the Series 2018-2 Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-2 Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-2 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-2 Senior Notes Offering**") to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event, the first interest payment will be in an amount equal to $• per $1,000 principal amount of Series 2018-2 Senior Notes. If an Interest Payment Date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis. The record date for each Interest Payment Date is the last day of the calendar month preceding such Interest Payment Date. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-2 Senior Notes, or the outstanding principal amount of the Series 2018-2 Senior Notes has not been paid in full on the Expected Principal Payment Date (as defined below). An "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the Master Trust Indenture, or (ii) the outstanding principal amount of the Series 2018-2 Senior Notes and all interest thereon is declared due and payable in accordance with the Indenture as a result of the occurrence of a Series 2018-2 Event of Default (as defined below).
Principal Payment Dates and Principal Payment Amount:	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-2 Senior Notes shall be due and payable on May 15, 2038 (such Payment Date, the "**Expected Principal Payment Date**"). Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date in respect of the Series 2018-2 Senior Notes and the then outstanding principal amount of the Series 2018-2 Senior Notes shall be due and payable on each such Payment Date.
Principal Payment Default Date:	May 15, 2040

Principal Accumulation Amounts: Subject to the occurrence of an Amortization Event, the Series 2018-2 Senior Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix A hereto.

Following the occurrence of an Amortization Event, the Principal Accumulation Amount with respect to each Payment Date thereafter shall be an amount equal to the outstanding principal amount of the Series 2018-2 Senior Notes.

Subordination: Concurrent with the issuance of the Series 2018-2 Senior Notes, OPG will subscribe for (i) $• of subordinated notes due May 15, 2038 , Series 2018-2 (the "**Series 2018-2 Subordinated Notes**"); and (ii) $• of junior subordinated notes due May 15, 2038, Series 2018-2 (the "**Series 2018-2 Junior Subordinated Notes**"). The interest rates on the Series 2018-2 Subordinated Notes and the Series 2018-2 Junior Subordinated Notes will be fixed on the Settlement Date. The Series 2018-2 Subordinated Notes shall be subordinated to the Series 2018-2 Senior Notes (and all other Senior Funding Obligations), and the Series 2018-2 Junior Subordinated Notes shall be subordinated to the Series 2018-2 Senior Notes (and all other Senior Funding Obligations) and the Series 2018-2 Subordinated Notes (and all other Subordinated Funding Obligations), in each case in the manner described in the confidential shelf offering memorandum under the heading "*Capital Markets Platform – Subordination Provisions*".

Optional Redemption: The Series 2018-2 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-2 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means November 15, 2037.

"**Series 2018-2 Canada Yield Price**" means a price equal to the price of the Series 2018-2 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus •% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-2 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

Limited Recourse:	The Series 2018-2 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-2 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-2 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-2 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-2 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under the heading *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.
Use of Proceeds:	The proceeds from the Series 2018-2 Senior Notes Offering will be used to refinance $• of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement. See *"Consolidated Capitalization"*. Expenses of the Series 2018-2 Senior Notes Offering are to be paid from existing cash resources.
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-2 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Change of Law Protection Agreement:	The Series 2018-2 Senior Notes are Approved Obligations under the Change of Law Protection Agreement.
Series 2018-2 Events of Default:	In addition to the Events of Default contained in the Master Trust Indenture and described in the confidential shelf offering memorandum, each of the following events constitute a "**Series 2018-2 Events of Default**": (a) failure to pay interest on the Series 2018-2 Senior Notes when due, subject to a 5-day cure period; (b) failure to pay principal on the Principal Payment Default Date for the Series 2018-2 Senior Notes; (c) breach of representation or warranty in the Series 2018-2 Senior Supplemental Indenture applicable to the Series 2018-2 Senior Notes, subject to materiality requirements and a 60-day cure period; (d) breach of a covenant in the Series 2018-2 Senior Supplemental Indenture, subject to materiality requirements and a 60-day cure period; and (e) an event occurs and as a result thereof, all or any portion of the principal amount of any other Senior Funding Obligation has been accelerated.

Acceleration upon a Series 2018-2 Event of Default:	Upon the occurrence of a Series 2018-2 Event of Default, the holders of Series 2018-2 Senior Notes may, by Ordinary Resolution, declare the outstanding principal and all accrued and unpaid interest on the Series 2018-2 Senior Notes to be immediately due and payable, whether or not all Issuer Funding Obligations have been accelerated pursuant to the Master Trust Indenture. For a discussion of the consequences of such declaration, see the confidential shelf offering memorandum under the headings "*Capital Markets Platform – Acceleration and Remedies*" and "*Risk Factors – If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected*".
Rating Covenant:	As long as the Series 2018-2 Senior Notes remain outstanding, the Issuer will use commercially reasonable efforts to maintain a credit rating of the Series 2018-2 Senior Notes from DBRS, Moody's or any other nationally recognized statistical rating organization or designated rating organization acceptable to the Issuer, acting reasonably.
Rating Agency Condition:	"**Rating Agency Condition**" means with respect to any action in respect of the Series 2018-2 Senior Notes subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 business days prior to the effective date of such action (or if 10 business days prior notice is impractical, such advance notice as is practicable) and (i) the Rating Agencies shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-2 Senior Notes immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, DBRS shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-2 Senior Notes immediately before the taking of such action.
Additional Security:	No Series Account will be established for the Series 2018-2 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-2 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-2 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – 30324RAB2 ISIN – CA30324RAB20
Agents:	CIBC World Markets Inc. (joint lead and joint bookrunner), RBC Dominion Securities Inc. (joint lead and joint bookrunner), Goldman Sachs Canada Inc. (joint lead), BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such

prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-2 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $658,607,000 is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $335,890,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $256,857,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $65,860,000 is drawn.

Draws under the Warehouse Facilities are used from time to time to acquire Investment Interests from the IESO. It is anticipated that the Warehouse Facilities will be used to acquire a $149,000,000 Investment Interest from the IESO on April 20, 2018.

Concurrently with the issuance of the Series 2018-2 Senior Notes, OPG will also subscribe for the Series 2018-2 Subordinated Notes and the Series 2018-2 Junior Subordinated Notes.

The following table outlines the outstanding amounts under various series of long-term debt of the Issuer as of the date hereof.

As at March 31, 2018 after giving effect to the Series 2018-2 Senior Notes Offering

	Senior Notes	Subordinated Notes	Junior Subordinated Notes
Series 2018-1	$500,000,000	$382,353,000	$98,040,000
Series 2018-2	$•	$•	$•
Total	$•	$•	$•

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-2 Senior Notes Offering.

	As at March 31, 2018 before giving effect to the Series 2018-2 Senior Notes Offering	As at March 31, 2018 after giving effect to the Series 2018-2 Senior Notes Offering
Cash and Cash Equivalents……..	$13,032,277.89	$•
Debt		
Long-term debt, including current portion…….	980,393,000[2]	$• [4]
Short-term debt……...	$658,607,000 [1]	$• [3]
Bank indebtedness……..	Nil	Nil
Total Debt……	$1,639,000,000 [1]	$•
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	$1,652,042,277.90 [1]	$•

(1) Represents Notes outstanding under the Warehouse Facilities.

(2) Representing Notes outstanding as of March 31, 2018, as follows: (i) $500,000,000, or 51% of all long-term debt, represented by Senior Notes; (ii) $382,353,000, or 39% of all long-term debt, represented by the Subordinated Notes held by OPG; and (iii) $98,040,000, or 10% of all long-term-debt, represented by Junior Subordinated Notes, held by OPG.

(3) Representing Notes outstanding as of March 31, 2018, adjusted for the effect of acquiring an additional Investment Interest of $149,000,000 under the Warehouse Facilities from the IESO expected on April 20, 2018. The amount outstanding has been further adjusted for the Series 2018-2 Notes Offering that is expected to close on or about April • , 2018, which will be used to repay the Warehouse Facilities as follows: (i) $•, or 51% of all short-term debt, represented by Senior Notes, Series 2018-2; (ii) $•, or 39% of all short-term debt, represented by Subordinated Notes, Series 2018-2 held by OPG; and (iii) $•, or 10% of all short term debt, represented by Junior Subordinated Notes, Series 2018-2 held by OPG.

(4) Representing Notes outstanding as of March 31, 2018, adjusted for the Series 2018-2 Notes Offering expected to close April •, 2018, as follows: (i) $•, or •% of all long-term debt, represented by the Series 2018-2 Senior Notes; (ii) $•, or •% of all long-term debt, represented by the Series 2018-2 Subordinated Notes held by OPG; and (iii) $•, or •% of all long-term-debt, represented by the Series 2018-2 Junior Subordinated Notes held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-2 Senior Notes as beneficial owner pursuant to the Series 2018-2 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-2 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-2 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-2 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-2 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-2 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-2 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-2 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-2 Senior Notes.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-2 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-2 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-2 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-2 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-2 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-2 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-2 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-2 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-2 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year. A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of interest.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-2 Senior Note or a purchase for cancellation of a Series 2018-2 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-2 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-2 Senior Note that accrued before such Series 2018-2 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-2 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-2 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-2 Senior Notes

On a disposition or deemed disposition of a Series 2018-2 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-2 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-2 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of taxable capital gains.

Eligibility for Investment

The Series 2018-2 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-2 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-2 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-2 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-2 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-2 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-2 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of April •, 2018, the Issuer had approximately $• owing to such lenders under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-2 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-2 Senior Notes Offering other than its respective portion of the Agents' commission payable by the Issuer.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-2 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

APPENDIX A
PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
June 15, 2037	•
July 15, 2037	•
August 15, 2037	•
September 15, 2037	•
October 15, 2037	•
November 15, 2037	•
December 15, 2037	•
January 15, 2038	•
February 15, 2038	•
March 15, 2038	•
April 15, 2038	•
May 15, 2038	•

Fair Hydro Trust
Investor Presentation

April 18, 2018

Disclaimers

This presentation and its contents are being supplied for informational purposes only by Fair Hydro Trust (the "Issuer") and are not an offer to buy or sell or a solicitation of an offer to buy or sell any securities of the Issuer.

This presentation does not, and does not purport to, contain all information that may be material to an investment decision in respect of the Issuer's Notes. It is only a summary of certain information in respect of the Issuer. Prior to making an investment decision with respect to the Issuer's Notes, prospective investors should carefully review the Confidential Shelf Offering Memorandum, including the related Term Sheet, pursuant to which such Notes are offered (the Offering Memorandum). The information and opinions contained in this presentation are qualified in their entirety by reference to the Offering Memorandum. In particular, reference should be made to the risks of any investment in the Issuer's Notes offered and the statutory rights of rescission or rights to damages available to purchasers of such Notes described in the Offering Memorandum. No representation or warranty, express or implied, is given by or on behalf of the Issuer, the Agents or any other person as to the accuracy or completeness of the information or opinions contained in this presentation.

Some of the statements contained in this presentation, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. The forward-looking information contained in this presentation is presented for the purposes of assisting prospective purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances. Reference should be made to the information under the headings "Caution Regarding Forward-Looking Information" and "Risk Factors" in the Offering Memorandum.

The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, neither the Issuer nor Ontario Power Generation ("OPG") intends, or assumes any obligation, to revise or update any information in this presentation.

By accepting a copy of this presentation, each prospective purchaser agrees that all information contained herein, all documents delivered in connection herewith and all other information obtained by such prospective purchaser in relation to the Issuer or OPG (collectively, the Confidential Information) is confidential, that none of the Confidential Information will be copied, transcribed, recorded or transmitted by the recipient for any reason or used for any purpose other than evaluating an investment in the Issuer's Notes, and that the recipient will hold all of the Confidential Information in confidence and will not provide any of it to third parties other than persons retained to advise the recipient with respect to the purchase of the Issuer's Notes (so long as they advise such persons of the confidential nature of such Confidential Information), without the prior written consent of the Issuer and OPG.

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Key Risks and Mitigants
VII. Summary of the Offering
VIII. Investment Highlights

Appendix – Key Agreement Summaries

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan ("FHP") on March 2, 2017, which proposed to lower the average electricity bill for eligible customers[1] by 25% (the "Fair Adjustment") • The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax granted by the Ontario government in January 2017
Legislation	• On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017* (the "FHPA" or the "Act") to give effect to the FHP • The FHPA was enacted to ensure that clean energy costs and clean energy benefits associated with Ontario's clean energy initiatives are fairly allocated among present and future Specified Consumers and to provide fairness for Specified Consumers over time • The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and together with the FHPA, the "Legislation") • The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers which is referred to as the Clean Energy Adjustment ("CEA"); the CEA will be determined by Ontario Power Generation ("OPG") in accordance with the Legislation in its role as Financial Services Manager ("FSM") under the Act • From July 1, 2017 to April 30, 2021 (the "Moratorium Period"), no payments in respect of CEA are expected to be collected; during the Moratorium Period and extending to July 31, 2021, the Independent Electricity System Operator ("IESO") is obligated to pay all funding and other expenses of the Trust (excluding principal) (referred to as "Carrying Costs") under the Legislation
Fair Hydro Trust Financing Program	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior, subordinated and junior subordinated notes • Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis, the Trust is ring fenced from OPG's other creditors • The FHT term notes will be repaid through the CEA payments received from Specified Consumers • The inaugural FHT term debt offering was completed in February 2018

[1] Defined as Specified Consumers under the FHPA.

Summary of Outstanding Bonds

	Overview of Notes		
Class	**Senior**	**Subordinated**	**Junior Subordinated**
Issuance Date	February 9, 2018	February 9, 2018	February 9, 2018
Issue Amount	$500,000,000	$382,353,000 (placed with OPG)	$98,040,000 (placed with OPG)
Initial % of Aggregate Notes	51%	39%	10%
Ratings (DBRS / Moody's)	AAA(sf)/Aa2(sf)	AA(sf)/Aa2(sf)	A(sf)/Aa2(sf)
Remaining Term to Maturity	15.15 years	15.15 years	15.15 years
Expected Maturity Date	May 15, 2033	May 15, 2033	May 15, 2033
Principal Payment Default Date	May 15, 2035	May 15, 2035	May 15, 2035
Par Call Date	November 15, 2032	November 15, 2032	November 15, 2032
Principal Accumulation	Principal will be accumulated monthly commencing January 2030 to facilitate repayment of notes on the Expected Maturity Date		
Payment Dates	May 15 and November 15 or next business day		
Senior Note Credit Enhancements	Credit enhancements for the FHT 2018-1 Senior Notes consist of: • Subordinated and Junior Subordinated notes initially equal to 49% of the aggregate issuance amount and will be retained by OPG • A segregated trust account with an eligible institution, referred to as a Program Cash Reserve Account, which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations • True-up mechanism to address any shortfalls in collections		
Operating Agents	OPG serving as the Financial Services Manager and the Independent Electricity System Operator as the Servicer		

Summary of Proposed Offering

	Overview of Notes		
Class	**Senior**	**Subordinated**	**Junior Subordinated**
Issue Amount	$●MM	$●MM (to be placed with OPG)	$●MM (to be placed with OPG)
Initial % of Aggregate Notes	51%	39%	10%
Expected Ratings (DBRS / Moody's)	AAA(sf)/Aa2(sf)	AA(sf)/Aa2(sf)	A(sf)/Aa2(sf)
Term to Maturity	20 years	20 years	20 years
Expected Maturity Date	May 15, 2038	May 15, 2038	May 15, 2038
Principal Payment Default Date	May 15, 2040	May 15, 2040	May 15, 2040
Par Call Date	November 15, 2037	November 15, 2037	November 15, 2037
Principal Accumulation	Principal will be accumulated monthly commencing June 2037 to facilitate repayment of notes on the Expected Maturity Date		
Interest Type	Fixed rate		
Day Count	180/360, first payment actual/365		
Payment Dates	May 15 and November 15 or next business day		
Senior Note Credit Enhancements	Credit enhancements for the FHT 2018-2 Senior Notes will consist of: • Subordinated and Junior Subordinated notes initially equal to 49% of the aggregate issuance amount and will be retained by OPG • A segregated trust account with an eligible institution, referred to as a Program Cash Reserve Account, which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations • True-up mechanism to address any shortfalls in collections		
Operating Agents	OPG serving as the Financial Services Manager and the Independent Electricity System Operator as the Servicer		

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt
  - The subordination amount may vary but must at least be equal to or greater than 35% of all outstanding debt

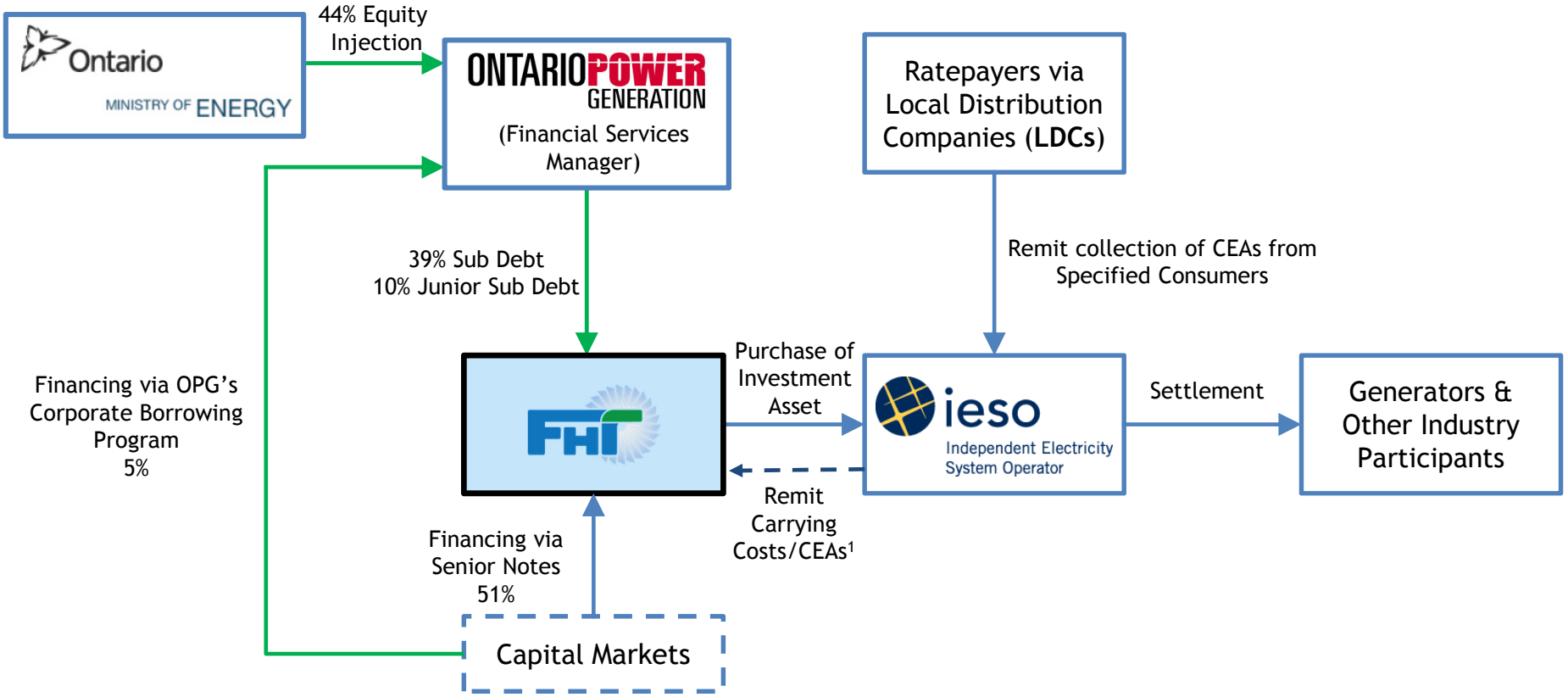

[1] The IESO is required to pay and remit Carrying Costs to the FHT up to July 31, 2021. Commencing May 1, 2021, CEAs will be included on invoices sent to Specified Consumers and collections will be used to pay all funding and other expenses of the Trust. The additional three months of IESO remittances from May 1, 2021 to July 31, 2021 is intended to cover billing and collection lags from the introduction of CEAs.
Note: The diagram above is based on subordinated debt of 49% of all outstanding debt.
Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa.

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by the wholesale electricity market and by direct contracts with the IESO (e.g. Bruce Power (nuclear), wind, solar, hydroelectric)

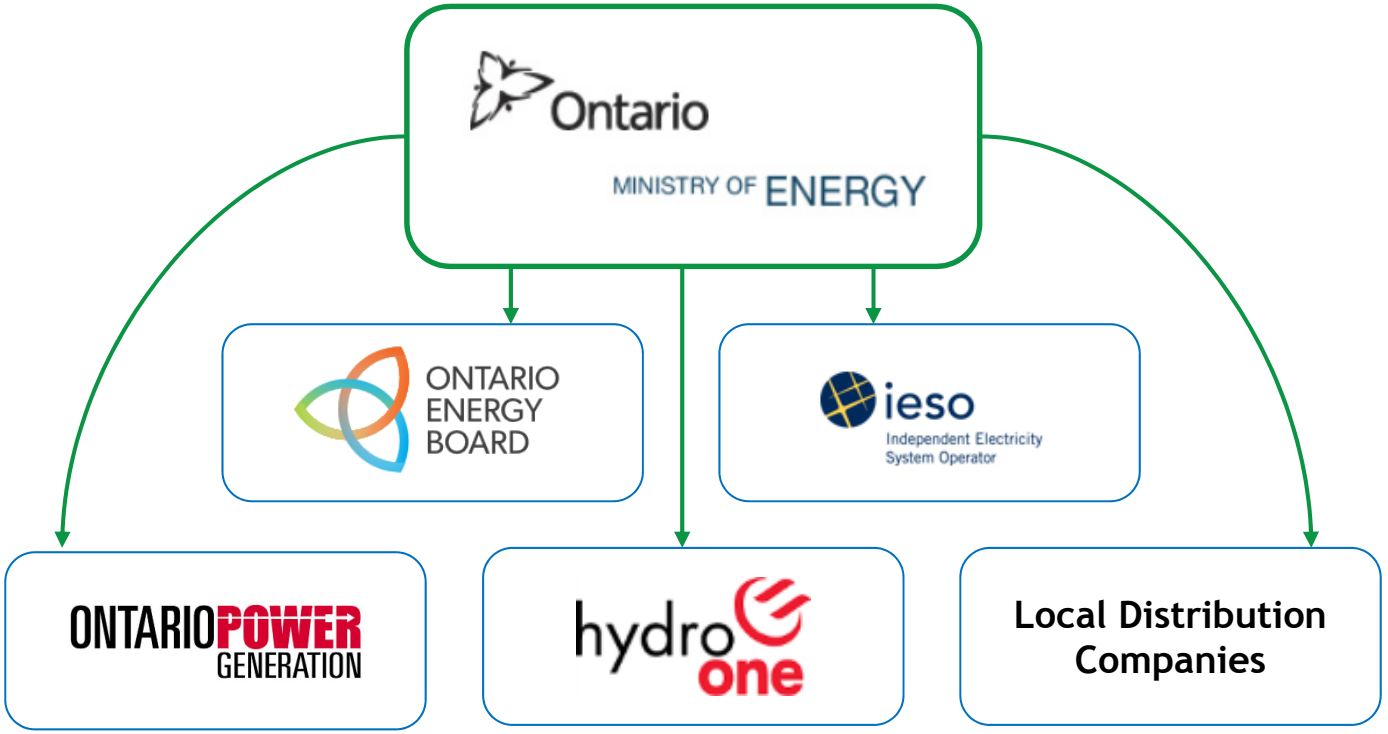

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets policy for the electricity system
Ontario Energy Board	--	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan ("RPP"); RPP rates are set twice a year (May and November)
ieso Independent Electricity System Operator	**A(h) / -- / Aa2**	• Corporation without share capital established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing a significant portion of the province's electricity
hydro one	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations. The majority of LDCs continue to be municipally-owned, while others have been acquired by Hydro One or private-sector owners
- An LDC, referenced as an Electricity Vendor in the FHPA, is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Total Revenue	$18.89 billion
Total Metered Usage (kWh)	116.11 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Total Revenue *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**
Percentage of Residential & Small Commercial[2]		**69%**	

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment together with Carrying Costs paid, financing costs and other related costs)
- FHT will finance the shortfall and is entitled to recover its costs and the principal and interest on its debt through CEAs from Specified Consumers, commencing May 1, 2021

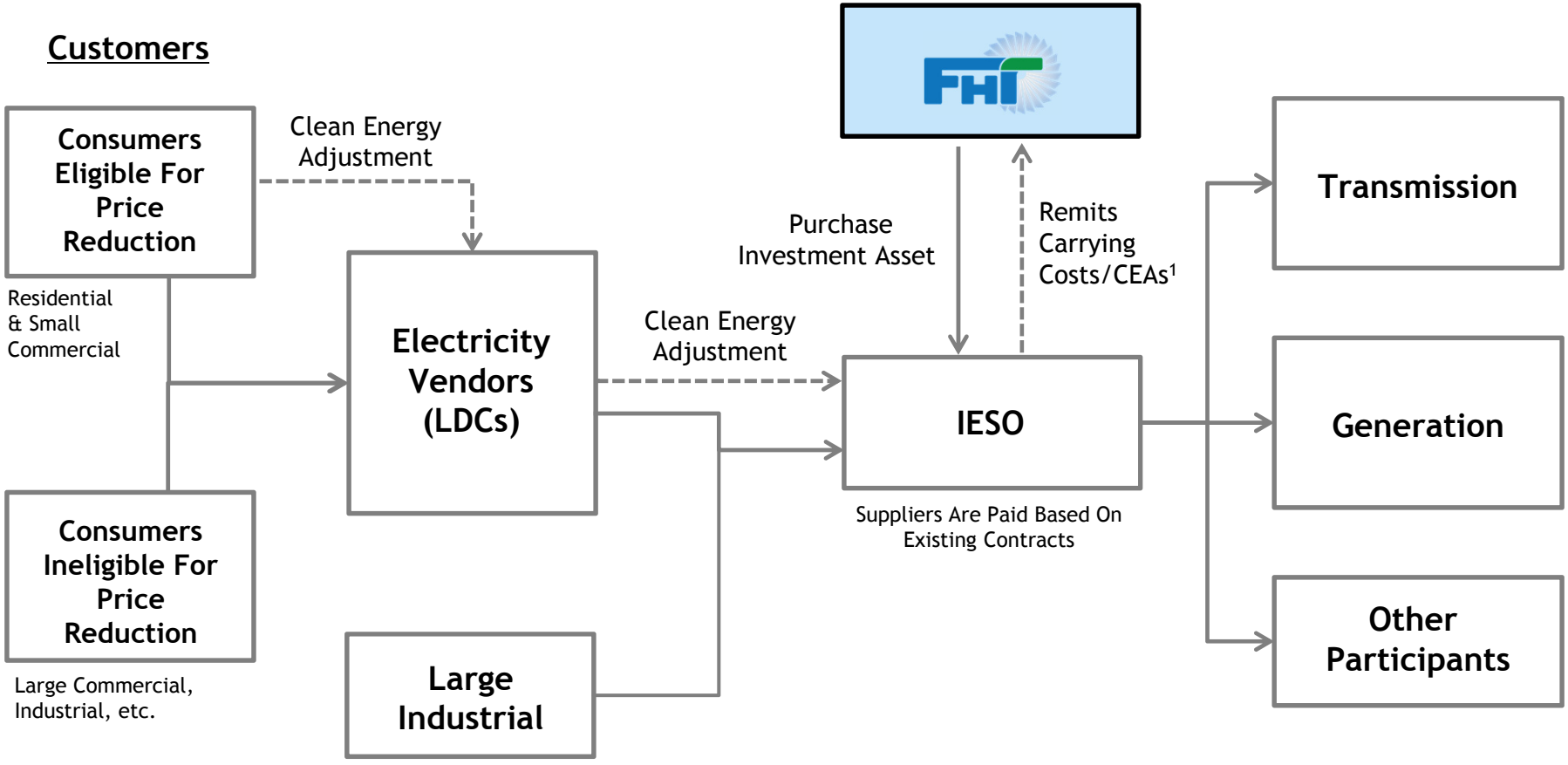

[1] The IESO is required to pay and remit Carrying Costs to the FHT up to July 31, 2021. Commencing May 1, 2021, CEAs will be included on invoices sent to Specified Consumers and collections will be used to pay all funding and other expenses of the Trust. The additional three months of IESO remittances from May 1, 2021 to July 31, 2021 is intended to cover billing and collection lags from the introduction of CEAs.

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to Specified Consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017 – April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018 – April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019 – April 30, 2021** - rate reductions will be established by future regulation but anticipated to increase by the rate of inflation in Ontario

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this amount.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment together with Carrying Costs paid, financing costs and other related costs) and records this amount, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the "Regulatory Asset") • The IESO may from time to time transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the corresponding amount recorded in the variance account
Investment Asset	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an "Investment Interest" in an Investment Asset) • By acquiring an Investment Interest, the Trust will be entitled to recover all of its associated financing costs and acquires the right to collect, receive and recover CEAs from Specified Consumers in accordance with the Legislation
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are not permitted to be collected from Specified Consumers during this period • The IESO is obligated to pay the Trust all Carrying Costs, excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to the Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion credit facility from the Ontario Financing Authority ("OFA") which can be used, among other things, to fund payments of the Carrying Costs

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the financing and other costs related to the acquisition by the Trust of the Investment Asset and the associated costs of the financing, including payment of principal, interest, operating costs of the Trust and funding of reserve accounts
- CEAs shown on an invoice issued to Specified Consumers represent the amount of the consumers' indebtedness and may not be set off or bypassed

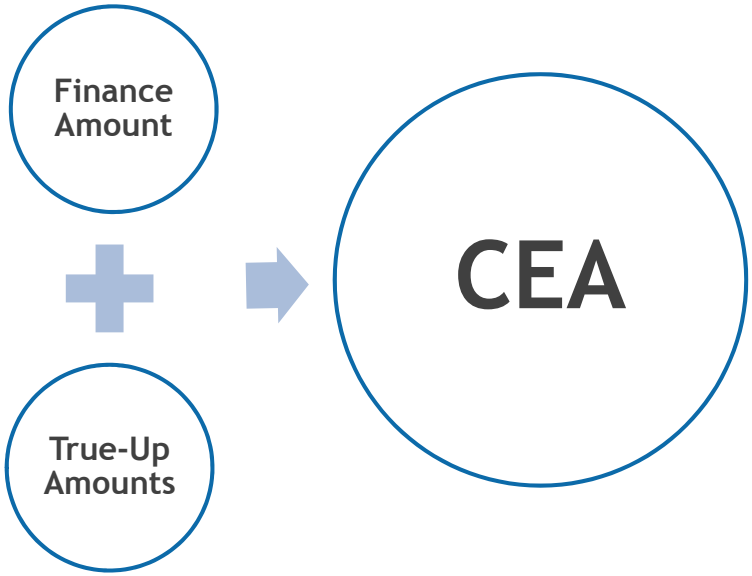

Finance amount is an estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other reasonably foreseeable differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the obligations of the IESO under the Master Transfer & Servicing Agreement, and the ability to include amounts in the CEA by means of the true-up mechanism
- IESO is required to segregate the CEAs during a monthly period before remitting to FHT. If the IESO's credit rating is downgraded below investment grade, the IESO will be required to remit within two business days of receipt

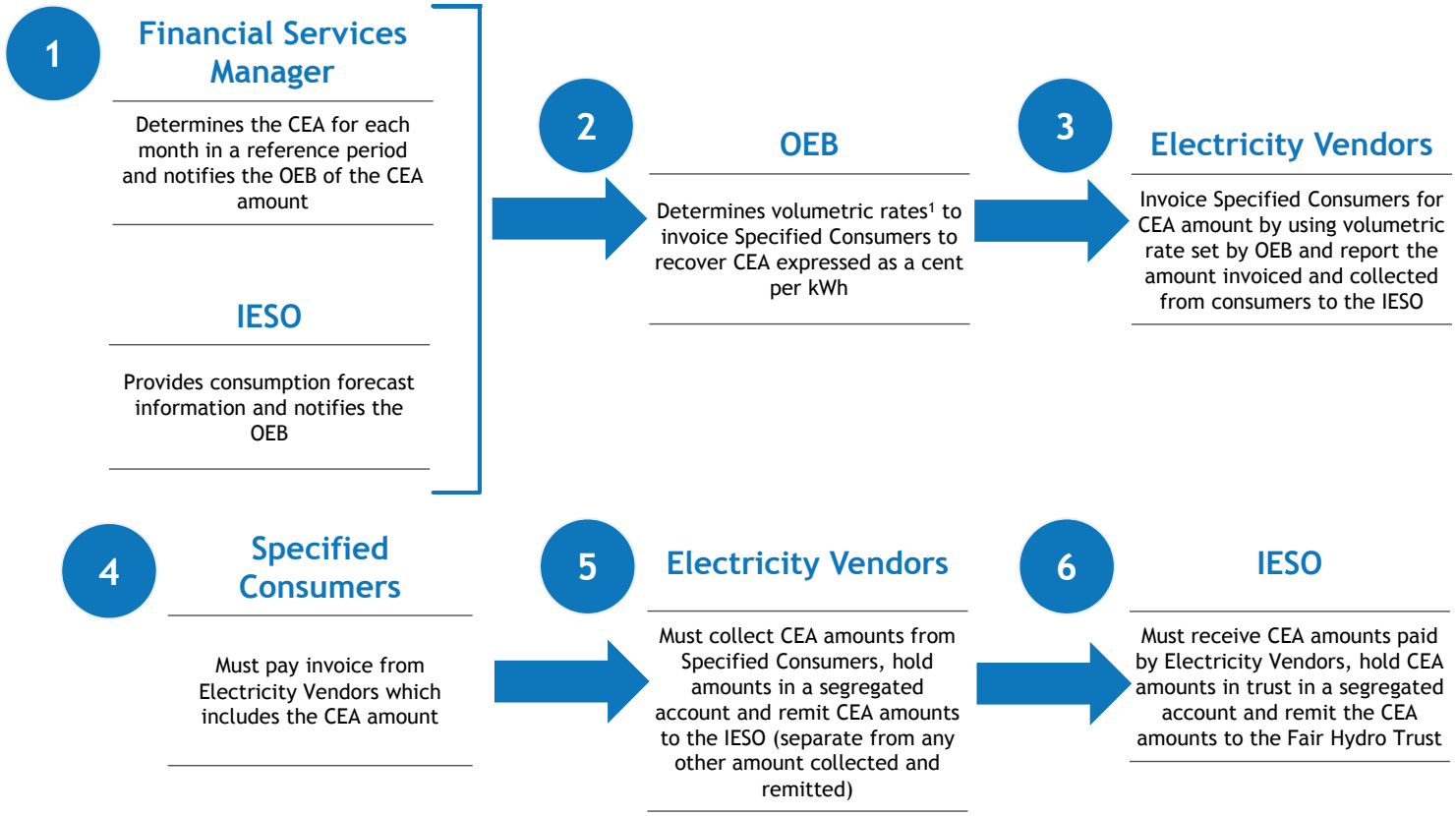

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

Fair Allocation Amount

- The Fair Allocation Amount ("FAA") is an amount calculated under the FHPA by the Minister of Energy in respect of each reference period that, among other things, allocates the estimated value of clean energy costs in proportion to the relative attribution of the value of clean energy benefits among Specified Consumers

Fair Allocation Amount ($ million)

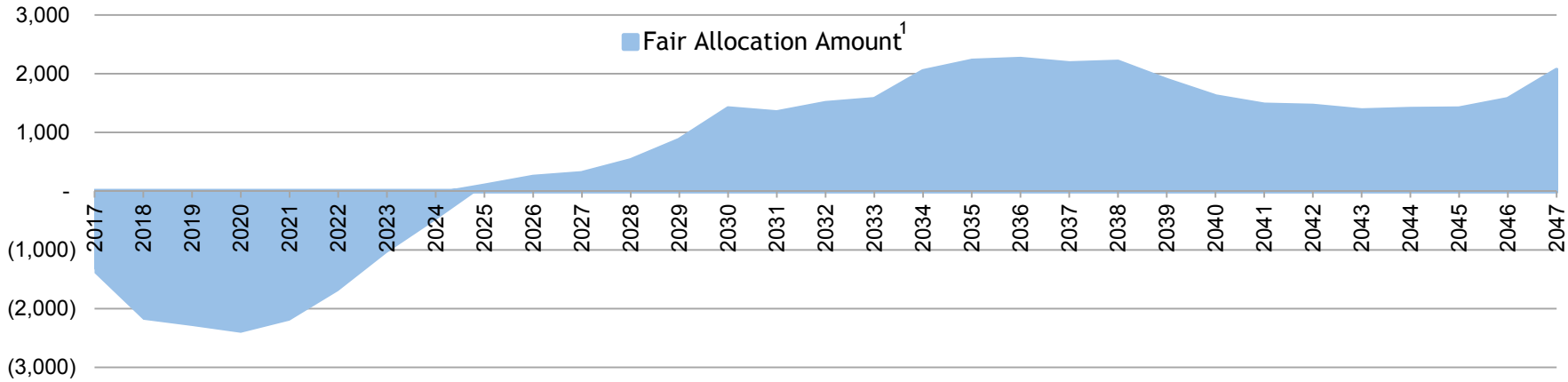

Principal Repayment Profile (derived from the FAA)

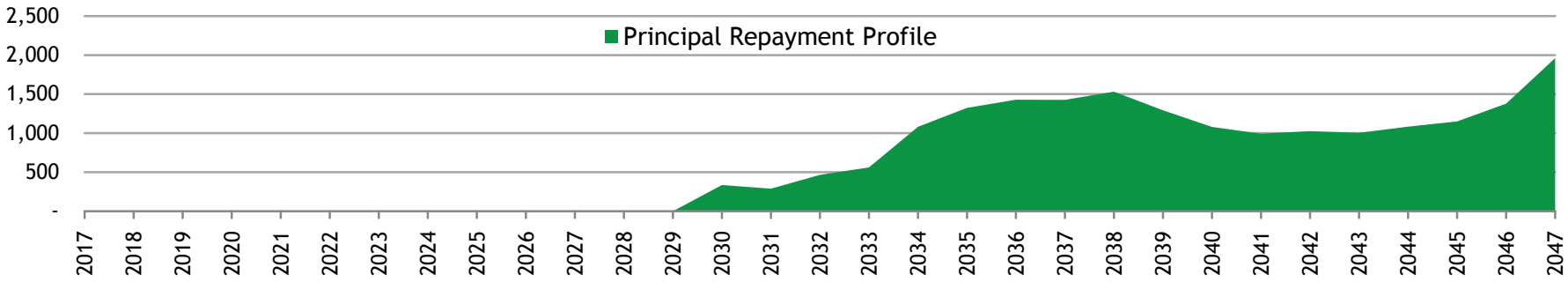

[1] Prior to 2025, the above graph of the FAA incorporates the Readjustment Amount. The Readjustment Amount represents the estimated amounts by which Specified Consumers overpaid for clean energy initiatives in the past. It has been incorporated into the FAA to further reduce electricity bills for such consumers.

IV. Contractual Framework

Simplified Contractual Structure

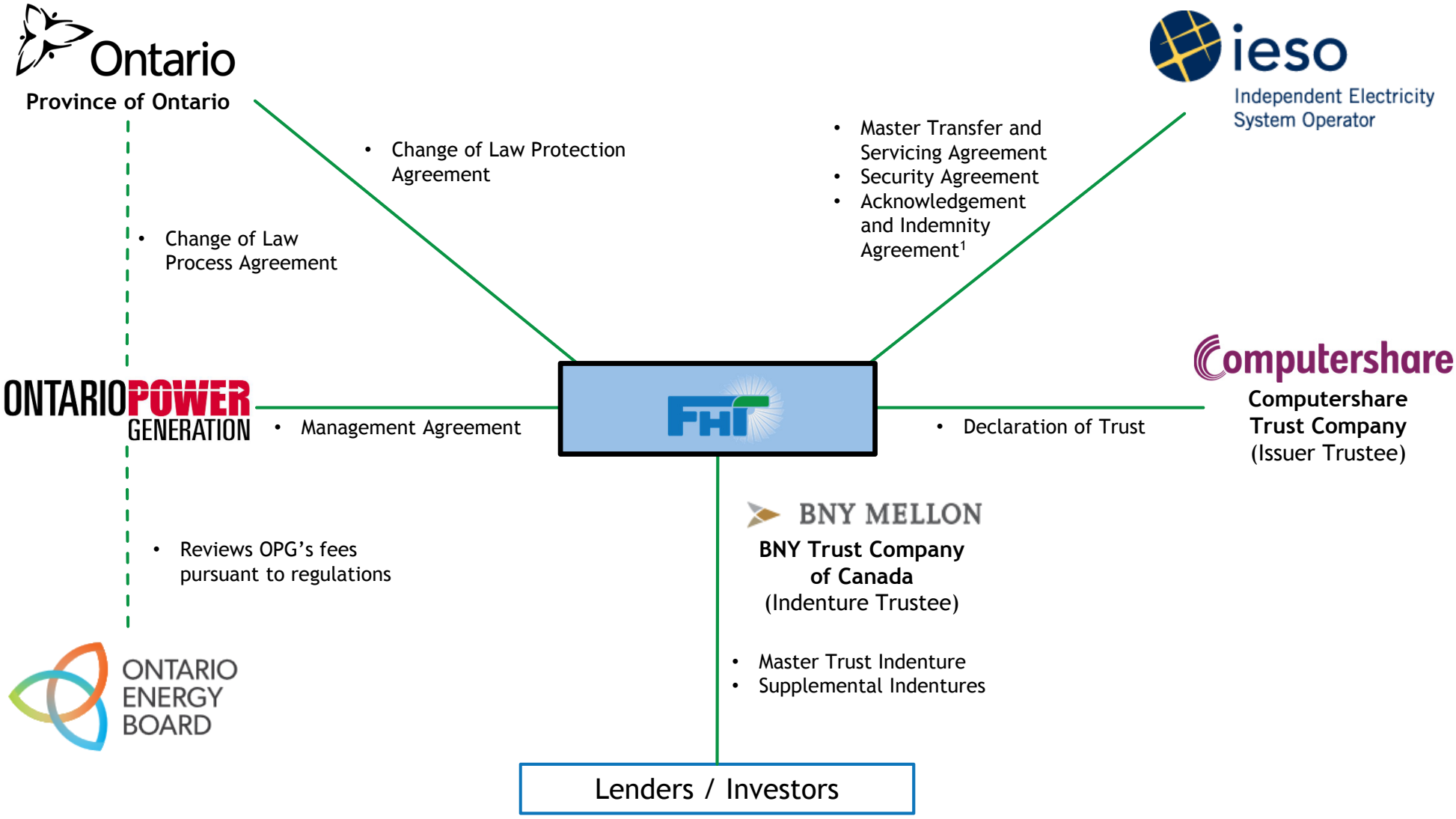

[1] Agreement between IESO and Indenture Trustee.

Contract Highlights

Change of Law Protection Agreement

Purpose	• Provides assurance to Specified Creditors[1] that upon the occurrence of a Protection Event, the Province of Ontario is required to make payments in respect of all Approved Obligations when due and payable
Protection Events	The occurrence of any of the following events: (1) • The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof • The Legislature enacts or amends any other statute • The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof • The Lieutenant Governor in Council makes or amends any "Regulation" as in effect on the date hereof • The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province in each case that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount; or (2) • A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

Note: Additional information on the Change of Law Protection Agreement can be found in the Appendix.

[1] **Specified Creditors** refers to any Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Contract Highlights

Key Agreements

Master Transfer and Servicing Agreement	• Provides for the transfer by the IESO to the Trust of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest in the Investment Asset • The IESO will be responsible for servicing the Investment Interest, including receiving CEA amounts from Electricity Vendors and remitting to the Trust
Management Agreement	• Issuer Trustee delegates to OPG, as Manager under the Management Agreement, all powers and duties of managing the Trust • The Manager will determine how and when to incur funding obligations to acquire Investment Interests
Other Key Agreements	• Security Agreement • Acknowledgement and Indemnity Agreement • Change of Law Process Agreement • Declaration of Trust

Note: Additional information on these key agreements can be found in the Appendix.

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	✔		
Determination of CEA for a Reference Period, including the True-Up Amount	✔		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management	✔	✔	
Preparation of Monthly Servicer Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit and bank funded senior debt) and subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly Regulatory Asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Warehouse Financing	• ABCP conduit and bank funded senior debt with subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated and junior subordinated warehouse debt funded by OPG • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) • FHT may issue debt that may be refinanced in the future
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51% anticipated) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required[1]) will be purchased by OPG, primarily funded by equity injections from the Province (44% of 49%) and the remaining portion from OPG (5% of 49%)

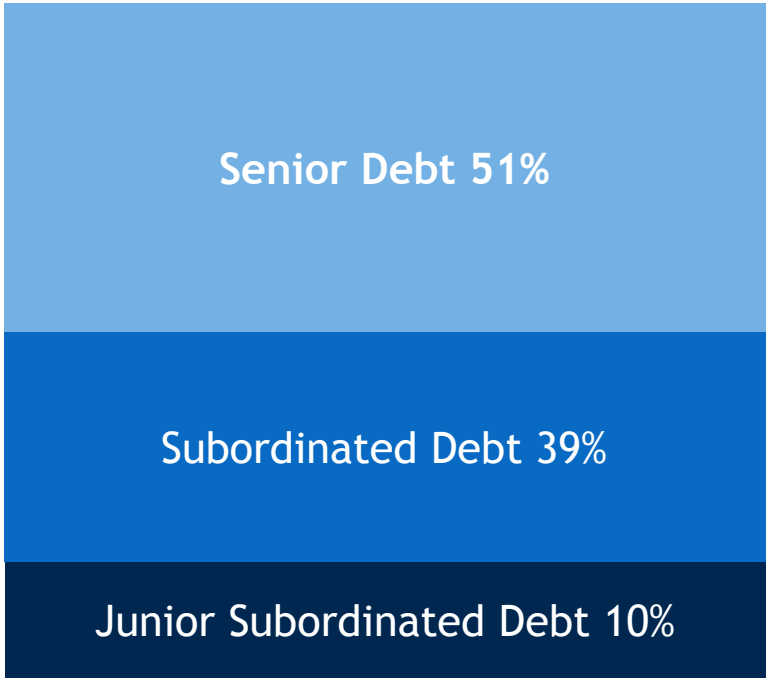

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% subordinated debt.

[1] Under the MTI, FHT is required at all times to ensure that all outstanding subordinated and junior subordinated debt be not less than 35% of all outstanding debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debt will be issued periodically during the period of 2018 - 2028, which are expected to mature over a period after 2029

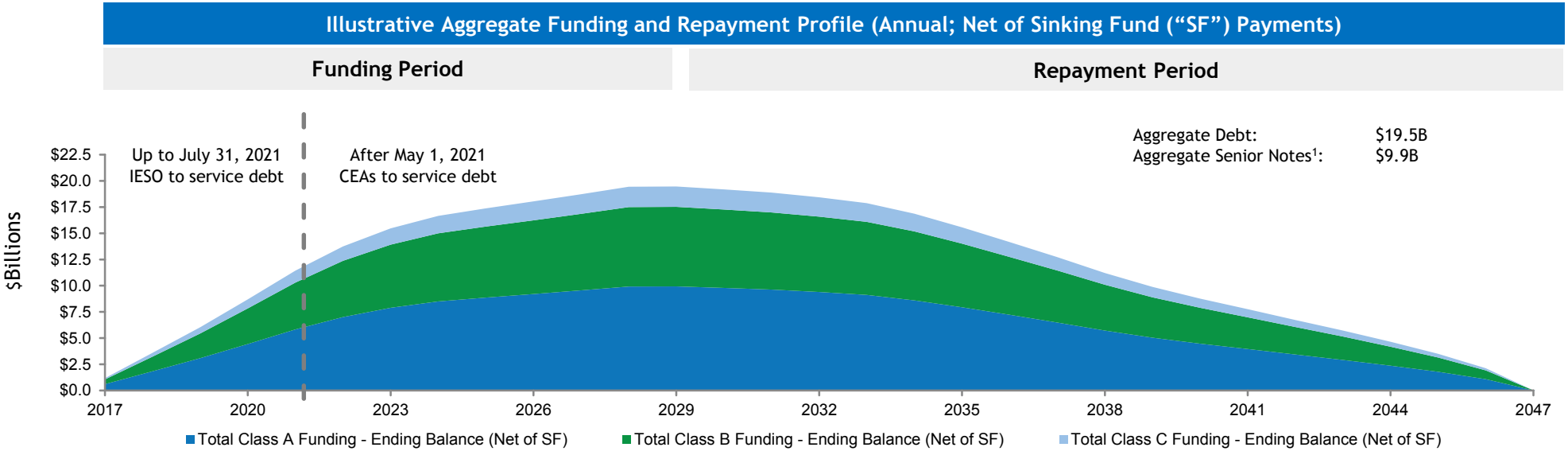

[1] Assumes 51% Senior Notes

Note: During the Moratorium Period and extending three additional months to July 31, 2021, the IESO is required under the Regulations to pay all Carrying Costs. The additional three month period is intended to cover the billing and collection lag from the introduction of Clean Energy Adjustments in May 2021.

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill
- The CEA as a percent of the total bill is forecasted to increase to 10.0% over the collection period
- The average CEA as a percent of the total bill is forecast to be 7.0% over the collection period

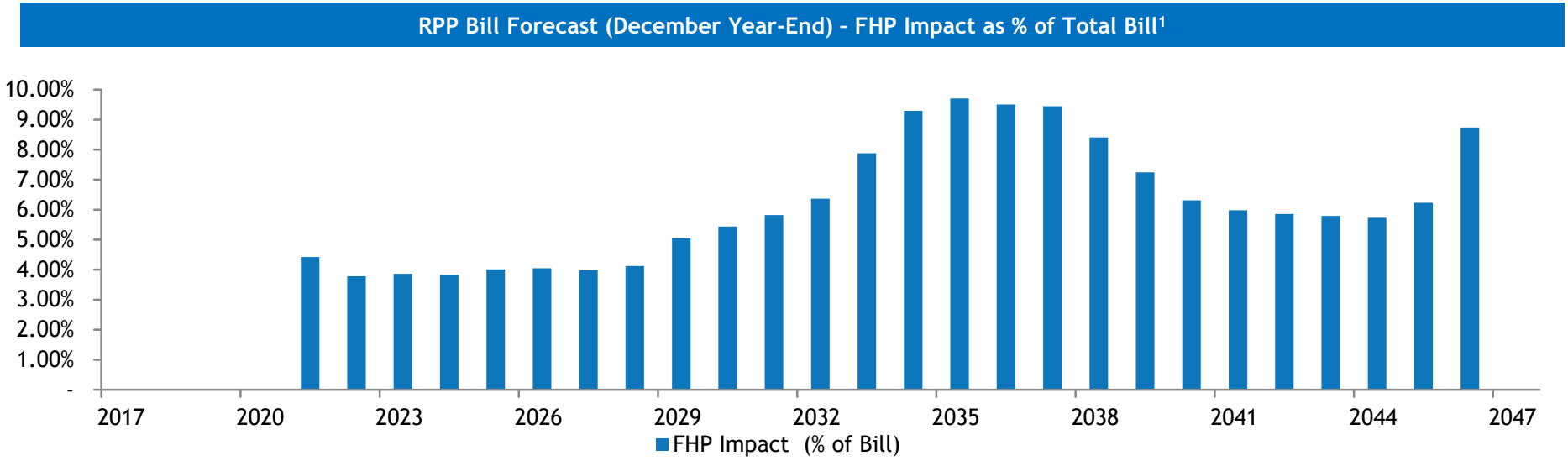

[1] Presents % of total bill at December year-ends; individual months in any given year may have a higher or lower impact as % of total bill.

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including: – Note issuances under supplemental indentures – Borrowings under credit agreements – Purchase of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations (i) senior (ii) subordinated (iii) junior subordinated
Events of Default	• Includes payment and senior defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped under the Regulation at the otherwise scheduled amounts, plus an additional amount equal to the amounts available under the FAA • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness. Accordingly, the subordination of debt across all series of debt should advance the repayment of the principal amount for senior funding obligations • After an acceleration, all Senior Term Notes will be paid *pari-passu*

Waterfall

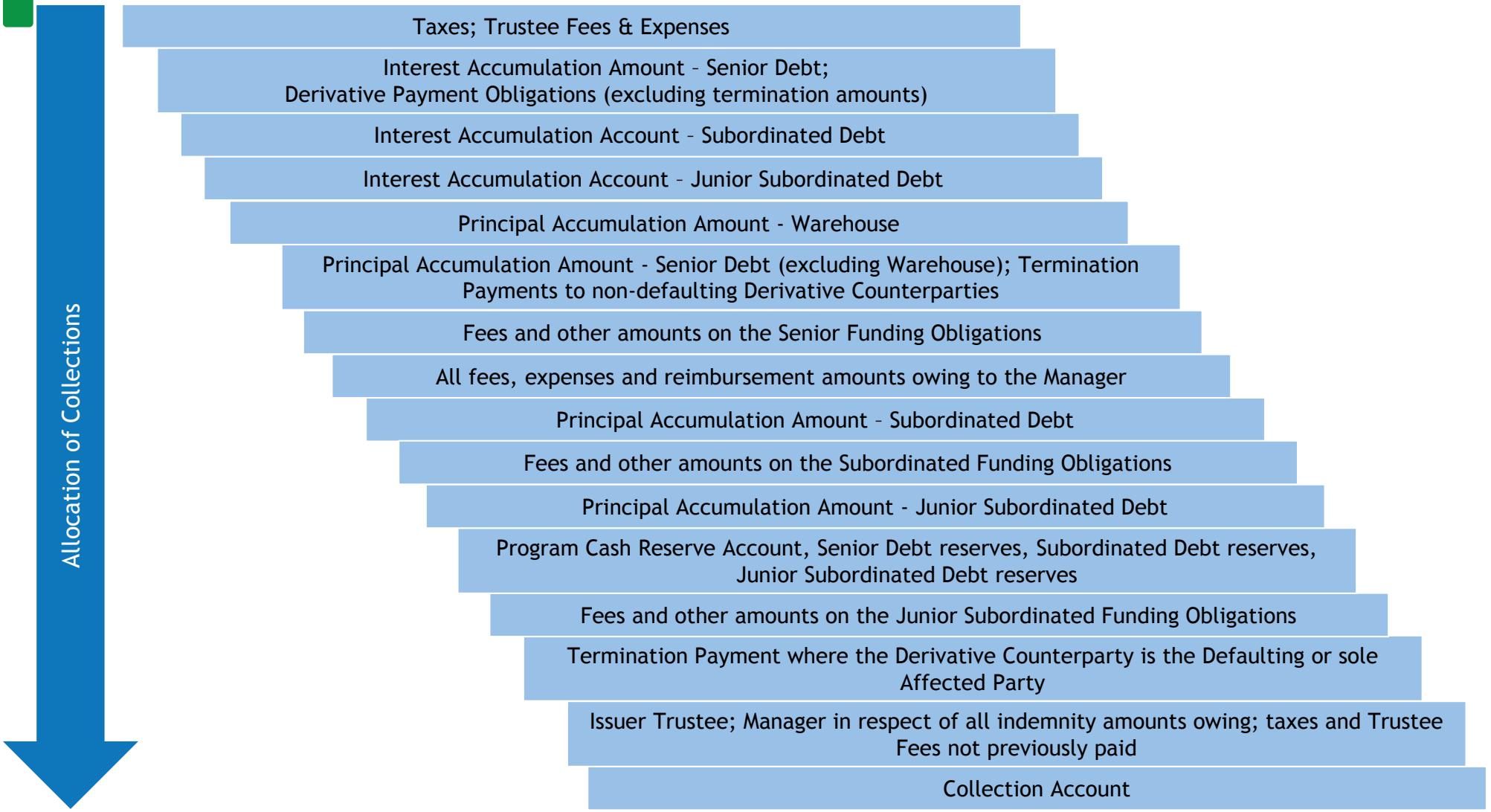

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.
Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in favour of the Indenture Trustee for lenders/investors in these circumstances
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True-up mechanism may result in a delay, but will be corrected in next True-up • Cash reserve and 35%-49% subordination which would first absorb any shortfalls • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• Until July 31, 2021, the Trust is dependent on the IESO to remit payments to the Trust for all Carrying Costs • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and very low losses and grants security over its accounts receivable owed by Electricity Vendors as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment • $2 billion credit facility from the OFA which can be used by the IESO to pay the Carrying Costs
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • CEAs as a percent of the total bill over the collection period is forecast to increase to 10.0%
Disruptive Technology Risk / Change in Demographics	• Technological developments may result in reduced CEA payments as a result of increased use of alternative energy sources • Population fluctuations may result in fewer Specified Consumers	• True-up mechanism available to offset the reduction in CEAs due to technological advancements or fluctuations in the number of Specified Consumers • Collection shortfalls are allocated among a large base of Specified Consumers

VII. Summary of Offering

Summary of Indicative Terms

	Class	Issue Amount	% of Initial Aggregate Notes	Expected Maturity Date	Principal Payment Default Date	Expected Ratings (DBRS / Moody's)
Fair Hydro Term Issuance	Senior Term Notes	$●MM	51%	May 15, 2038	May 15, 2040	AAA(sf)/Aa2(sf)
	Subordinated Notes	$●MM (placed with OPG)	39%	May 15, 2038	May 15, 2040	AA(sf)/Aa2(sf)
	Jr. Subordinated Notes	$●MM (placed with OPG)	10%	May 15, 2038	May 15, 2040	A(sf)/Aa2(sf)

Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager
Financial Services Manager	Ontario Power Generation, Inc.
Servicer	Independent Electricity System Operator
Source of Repayment	• Moratorium Period: Statutorily mandated remittances (not including principal) from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from residential and small commercial customers in Ontario (After May 1, 2021)
Payment Frequency	Semi-annual pay on May 15 and November 15 until the Expected Maturity Date, monthly thereafter if the notes are not repaid on the Expected Maturity Date
Principal Accumulation	Principal will be accumulated monthly commencing June 2037 to facilitate repayment of notes on the Expected Maturity Date
Interest Type	Fixed rate
Senior Note Credit Enhancements	• Subordinated and Junior Subordinated notes initially equal to 49% of the aggregate issuance amount • Program Cash Reserve Account • Semi-annual (or more frequent) True-up mechanism to address any shortfalls in collections
Program Cash Reserve Account	After the Moratorium Period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations
True-up	Calculated on at least a semi-annual basis post Moratorium Period
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & non-bypassable ratepayer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers
- Robust true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong ratepayer base in Ontario

Appendix – Key Agreement Summaries

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee as Trustee of the Issuer, on behalf of Specified Creditors[1], and (3) OPG as FSM
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event (see slide 22 for details) the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture ("MTI") remain outstanding • **Limited Guarantee**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called an "Approved Obligation") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other Program Breach or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a Change of Law Process Agreement between OPG and the Province. Any new funding obligations that are incurred during a suspension period will not have the benefit of the Limited Guarantee, except that the Change of Law Protection Agreement applies to post-suspension refinancing of previously issued Approved Obligations

[1] **Specified Creditors** refers to any Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of specified portions of the Regulatory Asset, and upon such transfers the Trust acquires an Investment Interest; also describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the Legislation, including receiving CEA amounts from Electricity Vendors and remitting the same to the Trust; other duties of the IESO include: – Establishing a segregated account for collecting CEAs and using commercially reasonable efforts to cause Electricity Vendors to do the same; – Remitting CEAs monthly to the Trust (unless downgraded below investment grade in which case it will remit within two business days); – Preparing monthly servicer reports; and – Providing a forecast of electricity consumption • **Carrying Costs:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, on behalf of specified creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – Paying taxes on behalf of the Trust • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated all of the powers and duties of managing the Trust to OPG under the Management Agreement

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement — January 22, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (together with the regulations promulgated thereunder, the "**FHPA**"). Under the FHPA, OPG is appointed as financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this

confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended, supplemented, restated or otherwise modified from time to time.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the

investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page 95 of this confidential shelf offering memorandum. An index of defined terms used in this confidential shelf offering memorandum specifying on which page such terms are defined is provided starting on page 107 of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 16
ONTARIO'S FAIR HYDRO PLAN 20
CHANGE OF LAW PROTECTION AGREEMENT 26
THE ISSUER 31
THE MANAGER 33
SUBORDINATED DEBT 35
SHORT TERM INDEBTEDNESS 36
THE TRANSFEROR AND SERVICER 36
CREDIT RATINGS 39
RATING AGENCY CONDITION 39
CAPITAL MARKETS PLATFORM 39
DESCRIPTION OF SENIOR NOTES 63
DEPOSITORY SERVICES 66
PLAN OF DISTRIBUTION 67
RISK FACTORS 68
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 80
LANGUAGE OF DOCUMENTS 83
RESTRICTIONS ON RESALE 84
REPORTING REQUIREMENTS 84
STATUTORY RIGHTS OF ACTION 85
INDENTURE TRUSTEE 94
LEGAL MATTERS 94
GLOSSARY 95
INDEX OF DEFINED TERMS 107
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 109
EXHIBIT 1 – INVESTOR PRESENTATION 110

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*, *"Subordinated Debt"* and *"Risk Factors"* of this confidential shelf offering memorandum and *"Fair Allocation Amount"*, *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"* and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval of all Series.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO in performing their respective obligations under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Power outages could impair payment of the Senior Notes.
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.
- If any Electricity Vendor or the IESO were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against such Electricity Vendor or the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS, AND THEIR RESPECTIVE REPRESENTATIVES, TO WHOM IT IS TRANSMITTED, SOLELY TO ENABLE SUCH PERSONS TO EVALUATE AN INVESTMENT IN THE NOTES DESCRIBED IN THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM. BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with a future Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer

nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page 95 of this confidential shelf offering memorandum. An index of defined terms used in this summary is provided starting on page 107 of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) or of the IESO. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG, IESO or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement"*.
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "FHPA"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[1] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[2] for that period. Under the FHPA, OPG is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA. See *"Ontario's Fair Hydro Plan — Background"*.

[1] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[2] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of Series, in one or several Offerings. A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the Master Trust Indenture, as supplemented by a Supplemental Indenture authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a non-share corporation established under the *Electricity Act, 1998* (Ontario). As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy. The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market. Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). Pursuant to the Master Transfer and Servicing Agreement, the IESO may, on a monthly basis, offer to Transfer specified portions of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"The Transferor and Servicer"*.
Investment Interest:	Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.
Clean Energy Adjustment:	The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager and will be converted by the OEB into a cent per kWh rate and added to the electricity invoices sent to Specified Consumers. See *"— Statutory Duties of the OEB"* below. The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs (including interest and principal on the Senior Notes), derivative payments, required reserve account deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount will also reflect any historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. Based on the Fair Allocation Amount determined and provided by the Province, from July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment of interest on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*. Amounts so contributed by the IESO are not available to pay principal on the Senior Notes.

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs until July 31, 2021:

The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest.

As security for the performance of the IESO's obligation under the Regulations to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount & Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g.

OEB licensees) in Ontario's electricity market, including the activities of transmitters and distributors as well as the IESO (all of whom are Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided by the IESO to the OEB. See *"The Transferor and Servicer"*.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*The Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA requires Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of the Issuer and any other Financing Entities that may be established, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts and hold such amounts in trust for the benefit of the Financing Entities until remitted to the IESO for the benefit of the Financing Entities (initially, only the Issuer). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required is based on a formula as set out in the Master Transfer and Servicing Agreement and will be equal to: (a) the product of (i) 50% of estimated Clean Energy Adjustment amounts that are to be collected over a twelve-month period by all such non-investment grade rated Electricity Vendors, and (ii) a fraction equal to 45/365 (representing the 45-day period during which funds are expected to be held by such non-investment grade rated Electricity Vendors prior to being remitted to the Issuer); or (b) such

other lesser amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. See *"The Electricity Industry in Ontario — Key Industry Participants — Ontario Power Generation Inc."* and *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of the Financing Entities (of which the Issuer is currently the only one), to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of the Financing Entities (of which the Issuer is currently the only one) and remit such amounts on a monthly basis, subject to daily remittance being required in certain limited circumstances. Pursuant to the Master Transfer and Servicing Agreement, monthly remittances of amounts received in respect of the Clean Energy Adjustment will occur on the 18th business day of each calendar month. In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts and

fulfilling certain additional reporting requirements. Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which includes payments of amounts that are due and payable in respect of Senior Notes), although the amount of the Province of Ontario's payment obligations in a particular period may differ depending on whether an Acceleration has occurred. See *"Change of Law Protection Agreement"*. The Issuer and the Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*.

Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change of Law Protection Agreement.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the Act or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the Act or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and

subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture (in effect as of the date hereof). See *"Capital Markets Platform — Acceleration and Remedies — Rights of Specified Creditors"*.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include

inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including all Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of Clean Energy Costs in proportion to the relative attribution of the value of Clean Energy Benefits among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations

should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation that is issued is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

Use of Proceeds:

The proceeds from each Offering may be used for one or more of the following purposes: (i) to acquire an Investment Interest pursuant to the FHPA and the Master Transfer and Servicing Agreement, (ii) to refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) to pay Offering and related costs of the Issuer and (iv) to fund specific reserve accounts as required.

The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.

Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", *"Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration"*.
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement

or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for Senior Funding Obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for Subordinated Funding Obligations;
- payments of or accumulations in respect of interest for Junior Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Warehouse Obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for Senior Funding Obligations (other than Warehouse Obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on Senior Funding Obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Junior Subordinated Funding Obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for Subordinated Funding Obligations or Junior Subordinated Funding Obligations);
- replenishment of Series Accounts established for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Junior Subordinated Funding Obligations;
- replenishment of Series Accounts established for Junior Subordinated Funding Obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on Senior Funding Obligations and payments under derivative agreements (other than termination payments), *pari passu*, then Subordinated Funding Obligations (other than principal) and then Junior Subordinated Funding Obligations (other than principal);
- principal for Warehouse Obligations;
- *pari passu*, principal on Senior Funding Obligations (other than Warehouse Obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for Subordinated Funding Obligations and then Junior Subordinated Funding Obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 units of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior

	Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The following summary of the electricity industry in Ontario does not purport to be comprehensive or definitive. It is a general and high-level overview of the historical context and the current manner in which the industry operates, including how real-time energy supply needs are met.

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydroelectric, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from large generating facilities to local distribution systems and large transmission-connected consumers, as well as to and from inter-jurisdictional entities; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses, as well as the delivery of electricity from small distribution-connected generating facilities, using low voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive wholesale electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes, along with the transmission and distribution system investments needed to support these changes, have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of smaller scale wind and solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be scheduled and dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy by certain domestic loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Most generators in Ontario also have bilateral contracts with the IESO (i.e. power purchase agreements) and one large generator, OPG, receives OEB-regulated prices, or payment amounts, that provide for payments in addition to wholesale market settlements that are paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario). The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold the generation assets of the former Ontario Hydro. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power facility. OPG's mandate is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for a significant portion of the total energy generated and injected into Ontario's electricity transmission system. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for managing the reliability of the provincial transmission system and operating the wholesale electricity markets in Ontario. The OPA was formed to plan the provincial power system and to procure electricity resources. The OPA entered into bilateral power or capacity purchase contracts with generators and other electricity resource providers. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial administrative tribunal and public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors. The IESO and distributors are Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures affecting regulated assets and regulated entities, such as distributors and transmitters. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, as well as institutions such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB.

The following diagram depicts the flow of funds between the key industry participants:

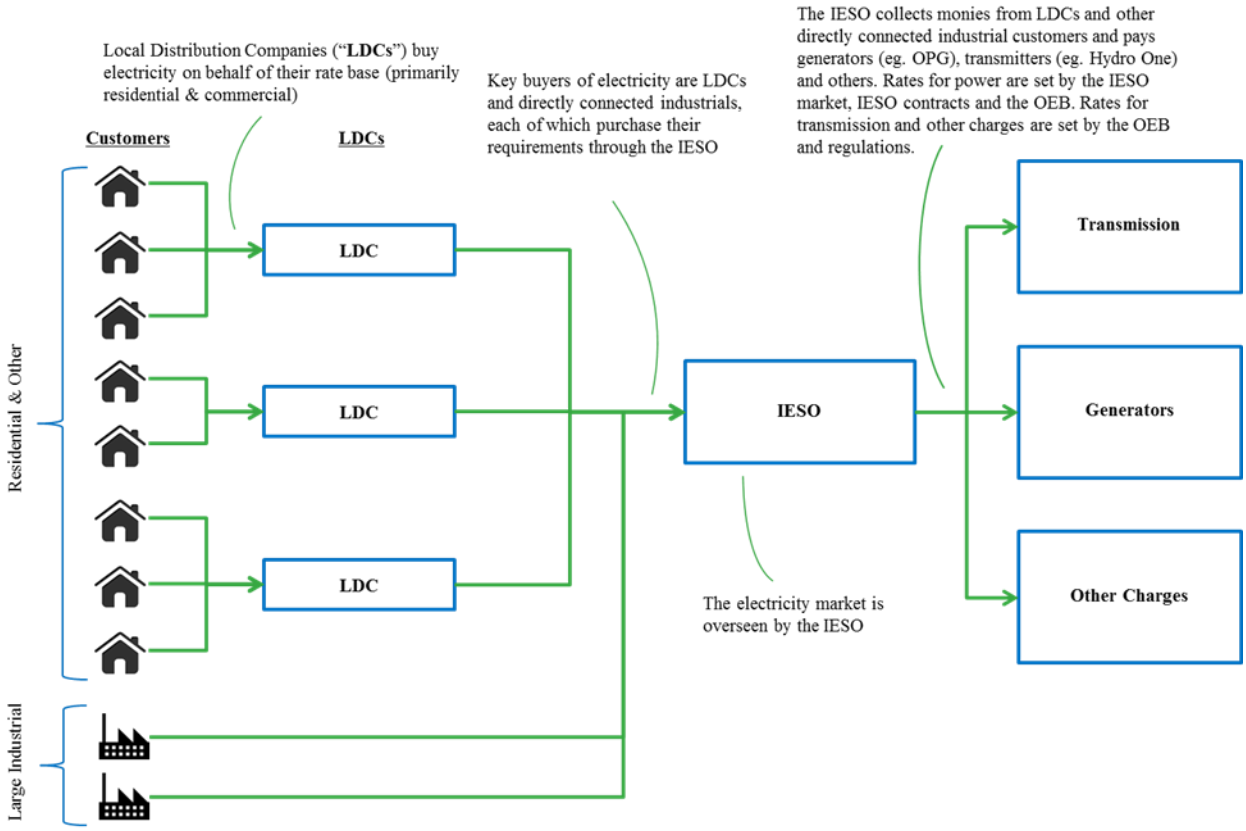

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is established monthly by the IESO in accordance with regulations and is the amount of money necessary to pay certain other costs to generators and other suppliers that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to OPG pursuant to OEB-established payment amounts.

Prior to the FHPA being passed, the amount collected generally over an annual basis by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's current payables to generators and other electricity resource suppliers, subject to certain periodic true-ups, fees and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices primarily for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months by the OEB based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most

Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from an OEB-licensed retailer pursuant to a retail contract that provides a rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the FHPA. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[3] less than the rate that would otherwise have been determined by the OEB for that period absent Ontario's Fair Hydro Plan (such adjustment, together with the further adjustments described below in this section, the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

[3] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, the amounts charged to the IESO by the Issuer in respect of the Carrying Costs of the Issuer, when applicable, and certain other amounts in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from Specified Consumers before May 1, 2021. The IESO may, in accordance with the FHPA, Transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that gives rise to the Regulatory Asset and, as an owner of the Investment Interest, will be entitled to recover its Finance Amount (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest by accepting a Transfer of the corresponding specified portion of a Regulatory Asset, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the Transfer of a specified portion of the Regulatory Asset from the IESO, such Transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Financing Entities that own an Investment Interest (among other things):

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment,

including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers to cover the cost of financing the shortfall that gives rise to the Regulatory Asset. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer , or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that are payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a Funding Obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) amounts received during the period in respect of Carrying Costs;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. The True-up Amount is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount will also reflect any historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period based on forecast information provided by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the Financing Entities (of which the Issuer is currently the only one), amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the Financing Entities (of which the Issuer is currently the only one) until remitted

to the IESO for the benefit of the Financing Entities (of which the Issuer is currently the only one). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay to the Issuer under the Regulations during such period. See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

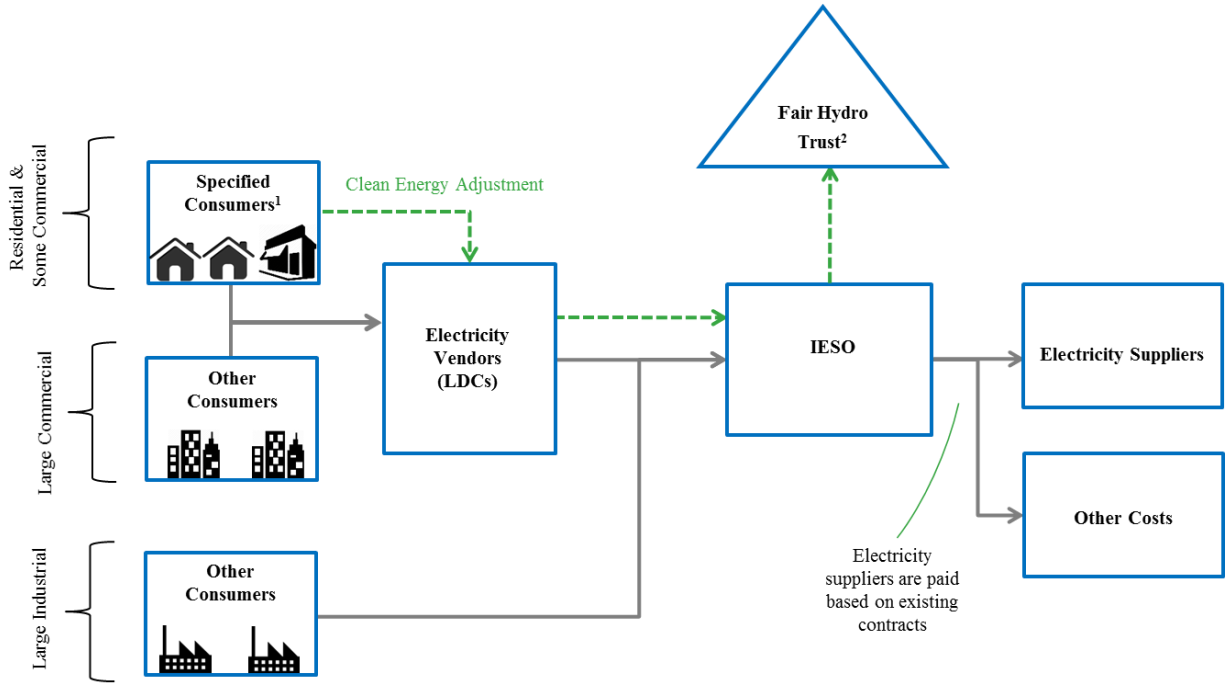

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, once applicable, directly to the IESO.

[2] Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer for a corresponding purchase price. Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset following payment by the Issuer of the corresponding purchase price, the Issuer will acquire an Investment Interest.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers. Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation that is issued is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Payment of Carrying Costs until July 31, 2021

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes). The amounts paid by the IESO to the Issuer to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest pursuant to the FHPA.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer. Furthermore, as security for the performance of its obligations under the Regulations to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account. The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period, divided by the number of months in such Reference Period. See *"Capital Markets Platform — Acceleration and Remedies — Limitation on Available Amounts on Acceleration"* for a description of the amounts that would be available to be paid under the Master Trust Indenture in such circumstances.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Senior Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the Act or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the Act or any portion thereof, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued, provided that for purposes of determining voting rights with respect to Notes, Notes in which the Province of Ontario has an interest will be deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change of Law Protection Agreement.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the

Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including the Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document to which the Limited Guarantee applies and which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Issuer Trustee is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

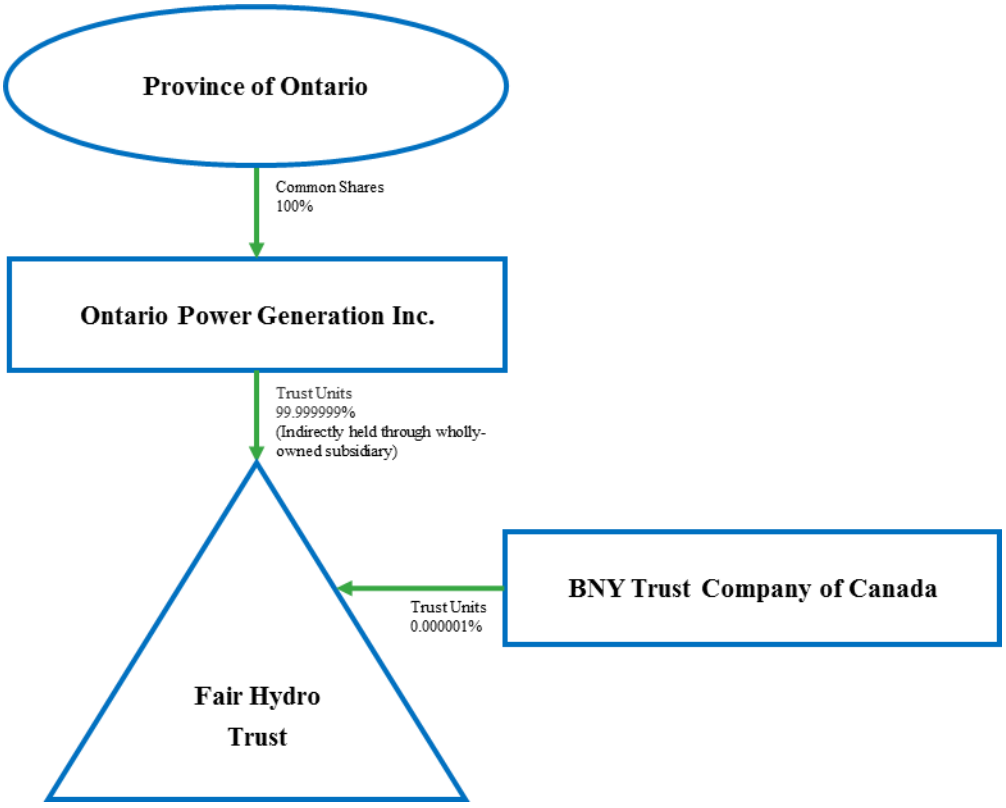

THE MANAGER

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, the Manager (on behalf of the Issuer) shall review, or cause to be reviewed,

on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors — Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager."*

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross

negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximately 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

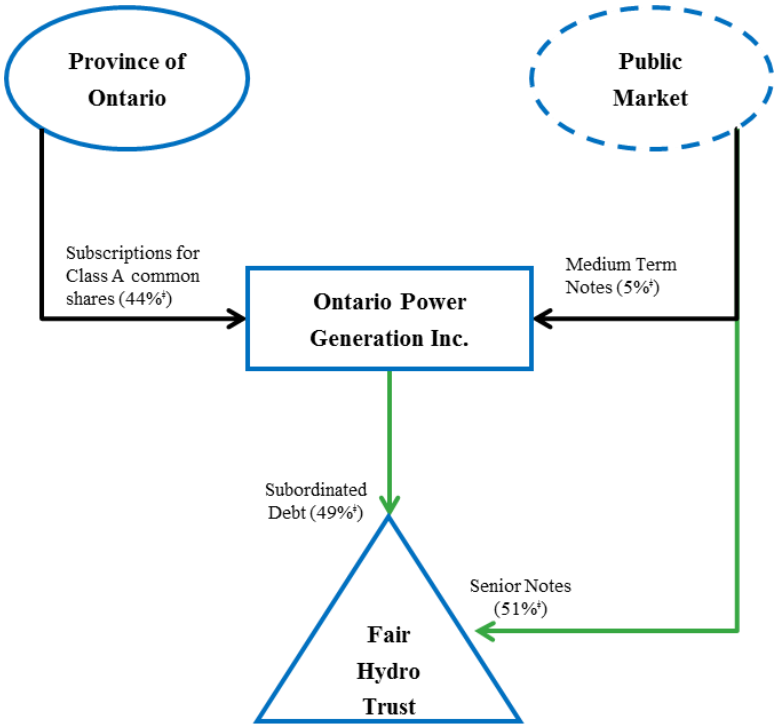

ǂ OPG is expected to acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(a) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(b) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(c) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest on December 21, 2017.

THE TRANSFEROR AND SERVICER

Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to Transfer to the Issuer a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of receiving the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts received in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on the 18th business day of each month, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) providing forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period.

The IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions. The Master Transfer and Servicing Agreement provides for various limitations on the duties and responsibilities of the IESO including that: (i) the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, (ii) the IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Investment Interest, the collectability of the Clean Energy Adjustment or that Clean Energy Adjustment amounts received will be sufficient to satisfy the Issuer's Funding Obligations, (iii) the IESO shall have no liability or responsibility to any person in respect of any forecasts or other information provided, provided only that such forecasts or other information has been prepared and provided in good faith and (iv) the IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from Specified Consumers or not remitted by Electricity Vendors to the IESO. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"* and *"Ontario's Fair Hydro Plan — Other Statutory Protections"* with respect to the manner in which the risks associated with incorrect forecasts by the IESO, and shortfalls in Clean Energy Adjustments as a result of amounts not being collected by Electricity Vendors or remitted by Electricity Vendors, are mitigated.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA, including its obligation to pay the Carrying Costs to the Issuer.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations

of the Issuer, including repayment of principal on the Senior Notes. Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer.

As security for the performance of its obligation to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for Transfer to the Issuer in a subsequent period. Upon completion of such Transfer, the Issuer will acquire an Investment Interest pursuant to the FHPA.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors or such other number as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program

Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement or the FHPA (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to

the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "— *Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "— *Payment Waterfalls Prior to Acceleration — Collection Account*", "— *Payment Waterfalls Prior to Acceleration — Protection Account*" and "— *Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material

conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and

deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a

specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all

amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall. Amounts in the Program Cash Reserve Account will be available to pay interest and principal on the Senior Notes.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible

Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "— *Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference

to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying

its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "— *Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel, each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized,

executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined based on the extent, if any, to which the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF SENIOR NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this *"Description of Senior Notes"* section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s), if any, and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;
- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and
- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) or of the IESO. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will

also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Payment Dates on which such amounts are to be accumulated for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than an expected Principal Payment Date if an optional redemption occurs and may receive principal payments later than an expected Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on an expected Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit were successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA should no longer be law in Ontario or that the FHPA should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA referenced in the previous paragraph were amended or repealed through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Crown, nor may an order for execution or attachment be made against the Crown, although the remedy of damages is available. Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior

Notes, and the Issuer must rely for payment of all of its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs to the Issuer. The amounts paid by the IESO with respect to Carrying Costs cannot be applied on account of principal on the Senior Notes. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Carrying Costs to the Issuer. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring September 30, 2022, which can be used to pay the Carrying Costs to the Issuer. There can be no assurance that the IESO will continue to have sufficient funds available to pay the Carrying Costs to the Issuer during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay the Carrying Costs to the Issuer and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior Notes, and the Issuer must rely on the IESO for the funds necessary to pay its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs to the Issuer. Amounts paid by the IESO are not available to pay principal on the Senior Notes. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and

- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA, rights to enforcement of the FHPA and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the

Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring Investment Interests. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the Transfer by the IESO of specified portions of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, the Investment Asset will be co-owned by all Financing Entities (including the Issuer) and consequently Clean Energy Adjustment amounts collected by or for the benefit of the Financing Entities will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA and the Master Transfer and Servicing Agreement impose new duties and obligations on the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Master Transfer and Servicing Agreement. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or providing forecast information, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or

reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.

The FHPA imposes new duties and obligations on OPG, as Financial Services Manager, and the Program Agreements impose new duties and obligations on OPG, as Manager. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA, including determining the Clean Energy Adjustment (inclusive of the True-up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated based upon a forecast of Specified Consumer usage to be newly developed based on forecast information provided by the IESO. Under the Regulations, the IESO is required to provide forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period. The amount of the Clean Energy Adjustment collected in any period will depend in part on actual electricity usage by Specified Consumers and the amount of collections and write-offs for Specified Consumers. If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. The FHPA does not require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in FHPA. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment. The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-up Amount. Until such adjustments are made or, if those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to provide indemnification, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20° Celsius. Winters include snow and icy conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization,

if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.

Ordinarily, the interests of the Issuer as acquirer of an Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time the corresponding Regulatory Asset was Transferred to the Issuer. This could reduce the amounts that may be available to the Issuer in respect of the Investment Interest and, consequently, the holders of Senior Notes. Section 27(3) of the Act provides that at the time of the Transfer of the Regulatory Asset to a Financing Entity, such Transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the Act provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the Transfer and the property rights and interests acquired by the Transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the Act in such circumstances is untested. The Transfers of the Regulatory Asset to the Issuer will be made in accordance with section 26 of the Act. Section 27(1) of the Act provides that a Transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Transferee. Therefore, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Regulatory Asset. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO or such Electricity Vendor may be significantly impaired or delayed.

Under the Master Transfer and Servicing Agreement, collections received by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior

Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities

laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Capital Markets Platform — Covenants of the Issuer — Financial Statements; Statement as to Compliance"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of

an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum (which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference herein), together with any amendments hereto (which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference therein), or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action may be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any

misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference herein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference herein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference herein, not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the *Securities Act* (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer or the selling security holder on whose behalf the distribution is made. "Misrepresentation" means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer and selling security holder will be liable if the person proves that:

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

  (iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that:

    (A) there had been a misrepresentation; or

    (B) the relevant part of the confidential shelf offering memorandum:

      a. did not fairly represent the report, statement or opinion of the expert, or

      b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) while still an owner of the Senior Notes, a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, with respect to a Funding Obligation, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Act**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Change of Law Protection Agreement**" means the change of law protection agreement dated as of December 21, 2017 among the Province, the Issuer and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**Crown**" means Her Majesty the Queen in Right of Ontario.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as amended, supplemented, restated or otherwise modified from time to time.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Entity**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligations**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations,

exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on page (iii) of this confidential shelf offering memorandum.

"**Issuer**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement".*

"**Management Agreement**" means the management agreement dated as of December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Manitoba"*.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**NI 31-103**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**NI 45-106**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their

capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Offering Jurisdiction**" has the meaning set out under *"Representations and Agreements of Purchasers".*

"**OPA**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO*.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month or, if such day is not a business day, the next business day.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

  (i) every six-month period following the period mentioned in (a);

  (ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Saskatchewan"*.

"**Section 130.1**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Ontario"*.

"**Section 150**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in New Brunswick"*.

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning specified in the *Ontario Fair Hydro Plan Act, 2017*, and "**Transferred**" and "**Transferee**" shall have corresponding meanings.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" has the meaning set out under *"The Issuer"*.

"**U.S. Securities Act**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

INDEX OF DEFINED TERMS

Acceleration Event 95
Acceleration 95
Act 95
Adherence Compliance Certificate 29
Adverse Effect 41
Agency Agreement 67
Agents ii
Approved Obligation 7, 28
Available Collections 45
Borrowing 95
Canadian Insolvency and Restructuring Laws 70
Carrying Costs 95
CDS ii
Certified Primary Obligation 7, 28
Change of Law Protection Agreement 95
Class 44
Clean Energy Adjustment 22
Clean Energy Benefits 96
Clean Energy Costs 96
Clean Energy Initiative 96
Clearstream, Luxembourg 67
Collateral 45
Collection Account Waterfall 47
Collection Account 45
Commissions 83
Confidential Information vii
Controlling Class Creditors 96
Controlling Class Obligations 97
Co-Owner Agreement 97
Crown 97
DBRS 97
Debtholder Group 57
Debtholder 97
Declaration of Trust 97
Default 97
depository 66
Derivative Counterparty 97
Derivative Funding Obligations 97
DTC 67
Electricity Vendor 97
Eligible Deposit Account 45
Eligible Institution 97
Eligible Investments 98
Eligible Securities Account 45
Euroclear 67
Event of Default 59
Extraordinary Resolution 57
Fair Adjustment 20
Fair Allocation Amount 25
FHPA i
Finance Amount 22
Financial Services Manager i
Financing Entity i
Financing Plan 99
Funding Obligation Agreement 99
Funding Obligations i
Governmental Authority 99
HOEP 19
IESO Cash Reserve Account 45
IESO Cash Reserve Deposit Amount 99
IESO Cash Reserve Required Amount 99
IESO Security Agreement 100
IESO 2, 99
Indemnity Agreement 100
Indenture Trustee 100
Indenture 100
Interest Accrual Amount (Junior Subordinated) 100
Interest Accrual Amount (Senior) 100
Interest Accrual Amount (Subordinated) 100
Interest Accumulation Account 45
Interest Payment Date 100
Investment Asset 21
Investment Interest 21
Investor Presentation iii
Issuer Accounts 45
Issuer Funding Obligation 100
Issuer Trustee 100
Issuer i
Junior Subordinated Funding Obligations 101
Junior Subordinated Notes, Series 2017-1 36
LDCs 18
Lender 101
Limited Guarantee 9, 26
Management Agreement 101
Manager 101
Manitoba Act 92
Master Agreement 101
Master Transfer and Servicing Agreement 101
Master Trust Indenture 101
Material Effect 30
Moody's 101
Moratorium Period 3, 24
MTSA Acknowledgement 101
NI 31-103 ii
NI 45-106 ii
Non-Investment Grade Rated Electricity Vendor 38
Note 101
Noteholders 101
Obligations Secured 101
OEB 102
Offering Jurisdiction 80
Offering ii
OPA 17
OPG ..... i, 1, 102
Ordinary Resolution 57
Participants 66
Paying Agent 102
Payment Date 102
Person 102
Post-Suspension Refinancing 30
Pre-Approved Refinancing 30
Predecessor IESO 17
Primary Obligation 28
Principal Accumulation Account 45
Principal Accumulation Amount 102
Principal Accumulation Date 103
Principal Payment Date 103
Principal Payment Default Date 103
Program Account 103
Program Agreements 103
Program Cash Reserve Account 46
Program Cash Reserve Required Amount 103
Protection Account 46
Protection Event 7, 27
Rating Agency Condition 39
Rating Agency 103
Reference Period 103
Refinancing Account 46
Refinancing 103
Regulated Price Plan 19
Regulations 104
Regulatory Asset 2, 21

Required Principal Accumulation Amount (Senior) 104
Required Principal Accumulation Amount (Subordinated) 104
RPP 19
Saskatchewan Act 86
Section 130.1 85
Section 150 89
Securities Account 46
Senior Funding Obligation 104
Senior Notes, Series 2017-1 36
Senior Notes i
Series Account 104
Series Capital Reserve Account 46
Series Finance Reserve Account 46
Series 104
Servicer Default 104
Servicer 104
Specified Consumer 20
Specified Creditors 105
Subordinated Funding Obligations 105
Subordinated Notes, Series 2017-1 36
Supplemental Indenture 105
Suspension Event 30
Suspension Notice 29
Term Sheet i
Terms Document 105
Tranche 105
transaction 53
Transfer 106
True-up Amount 3
U.S. Securities Act i
Unitholders 31
Warehouse Facilities 36
Warehouse Obligations 106

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

From:	Anna Strathy
To:	Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Gadi Mayman; Usman Zahid
Subject:	FW: OFHP Timeline
Date:	Monday, September 25, 2017 10:42:50 AM
Attachments:	2017 09 23 OFHP Timeline consolidated.pptx

Good morning,

FYI, attached is a timeline for the OFHP that Ministry of Energy put together for their MO for use at TB today. Still awaiting confirmation from TBS and Energy on the choreography for today (i.e., who's in the room and who's in the anteroom).

Thanks, Anna

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Monday, September 25, 2017 9:36 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Cengarle, John (MOF) <John.Cengarle@ontario.ca>
Subject: OFHP Timeline

Hi Anna,
Just flagging this for you. ENERGY's MO had asked for a timeline they might use at TB today for the OFHP item. It was meant to be high level.
Keley

OFHP Key Milestones

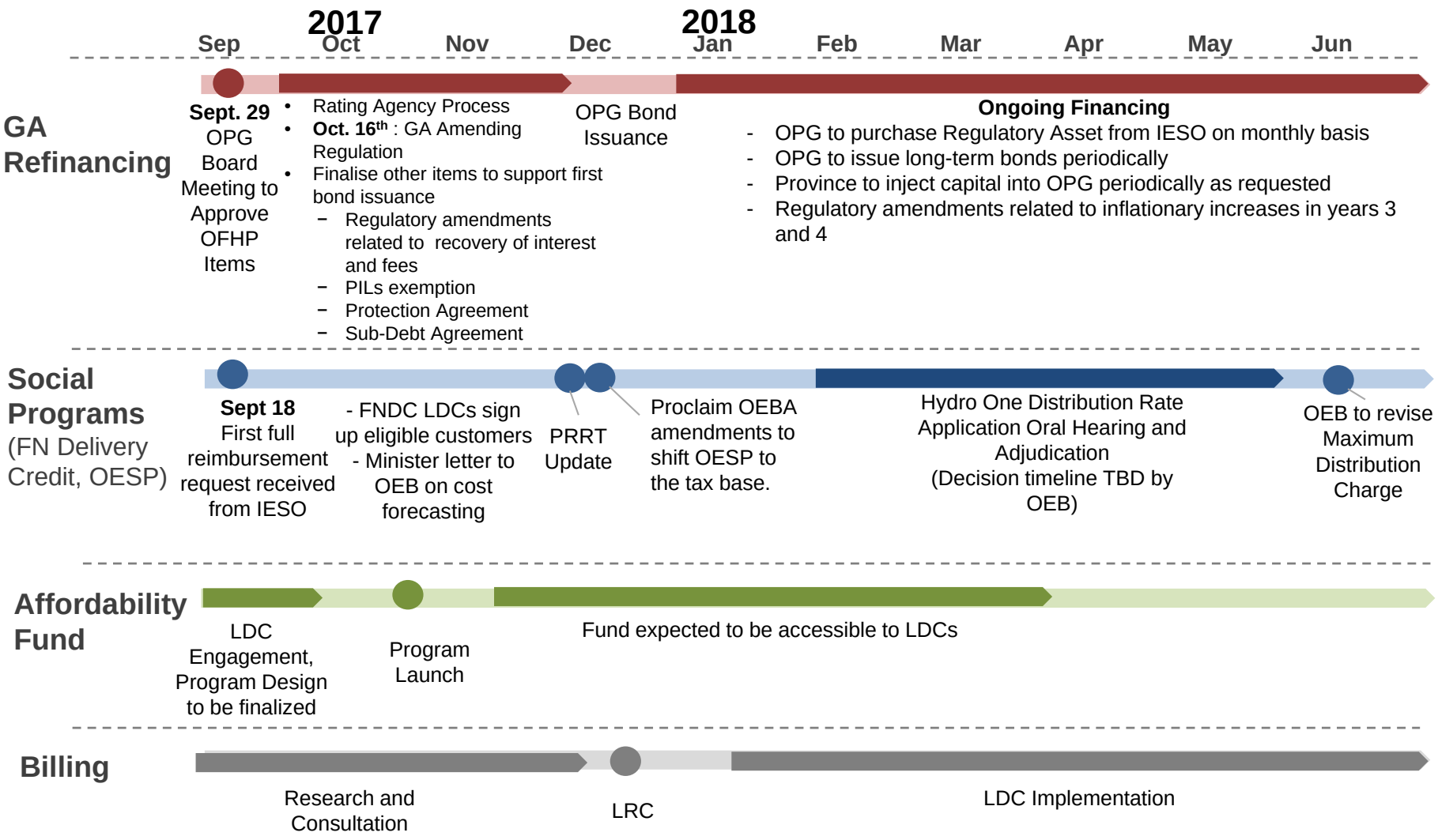

From:	Tekle, Jonathan (MOF)
To:	Ronald Kwan
Cc:	Usman Zahid; Gavin He
Subject:	FW: OFHP Timeline
Date:	Monday, September 25, 2017 11:47:28 AM
Attachments:	2017 09 23 OFHP Timeline consolidated.pptx

Hi Ron,

See attached. This is a consolidated OFHP timeline, incorporating input from the three Ministry of Energy Policy divisions.

Staff have advised that this was being distributed for TB on the Energy side.

Cheers,
Jonathan

OFHP Key Milestones

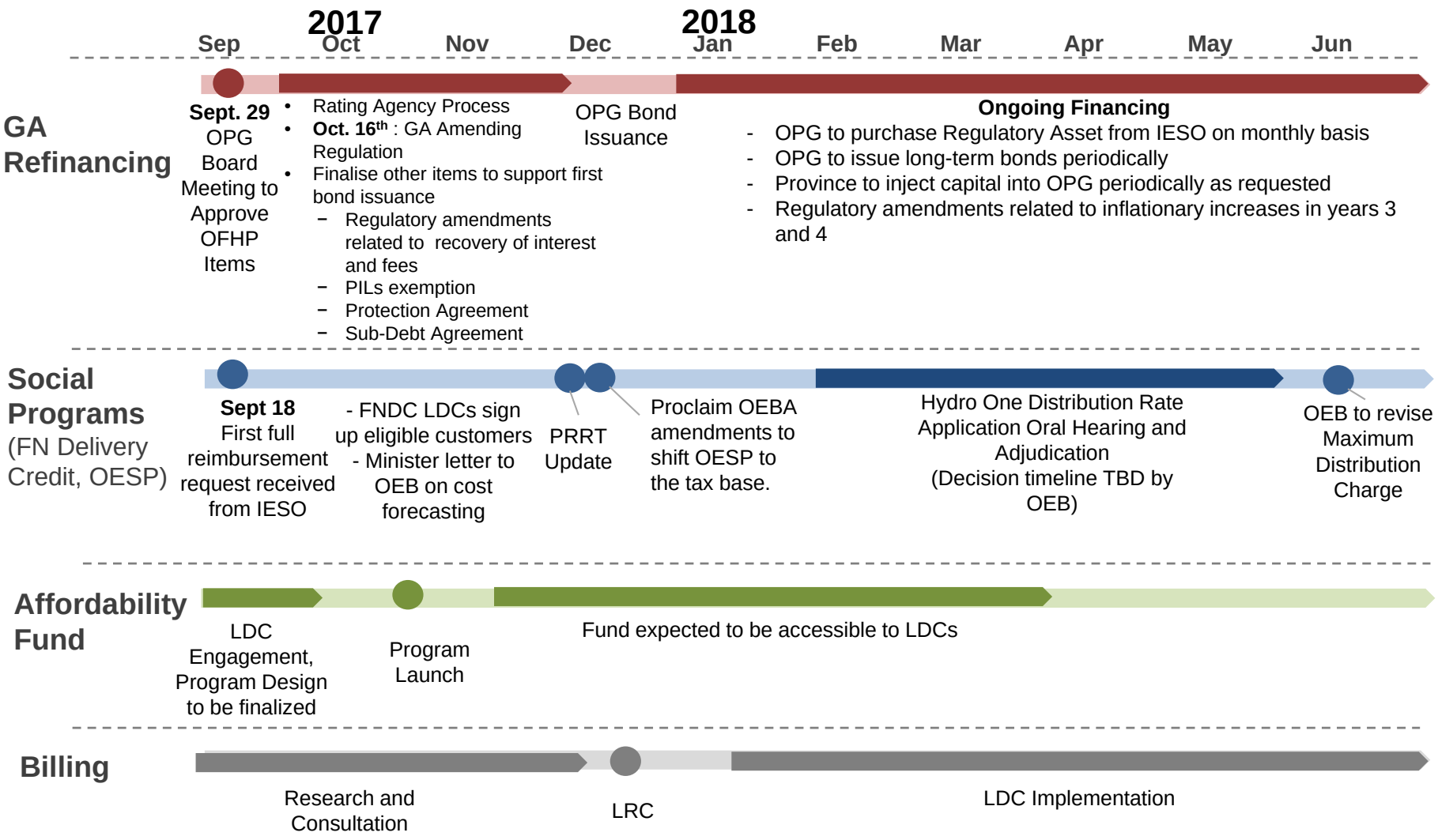

From:	Ken Kandeepan
To:	Ronald Kwan
Cc:	John Kim
Subject:	FW: OFHP
Date:	Tuesday, January 09, 2018 9:30:53 AM
Attachments:	RE Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 36).msg RE Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 16).msg RE Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 46).msg RE Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 26).msg RE Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 66).msg RE Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 56).msg

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My Apologies, I was supposed to do this yesterday.

Thanks

Ken k

From: Ken Kandeepan
Sent: Monday, January 08, 2018 9:30 AM
To: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: OFHP

Hi Cindy and Mark

Pls find attached the information we received on Friday regarding the first term deal of the Trust, now scheduled for Jan 22nd. I went thought the Offering Memorandum (email 1 of 6) rather quickly and didn't find anything objectionable. The other documents are all primarily legal with perhaps the exception of the Agency Agreement (Email 3 of 6) that outlines the terms between the Trust and the agents (the investment banks) that will private place the debt once it is issued.

Thanks

Ken k

From: Saulnier, Brett [bsaulnier@torys.com]
To: Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Scott Thompson (CAB) [Scott.Thompson@ontario.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; David McLean (MOF) [David.McLean@ontario.ca]; Jonathan Tekle (CAB) [Jonathan.Tekle@ontario.ca]; Thouin, Alena (ENERGY) [Alena.Thouin@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Steen Hume (CAB) [Steen.Hume@ontario.ca]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; John Lee (john.s.lee@opg.com) [john.s.lee@opg.com]; Ken Ryfa (ken.ryfa@opg.com) [ken.ryfa@opg.com]; WONG Leslie -LAWDIV [leslie.wong@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]; 'ASHBOURNE, STEPHEN' [STEPHEN.ASHBOURNE@blakes.com]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]
CC: Mansoori, Nina [nmansoori@torys.com]
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 3/6)
Date: Friday, January 05, 2018 18:42:19
Attachment 1: 04. Form of Agency Agreement.docx

Email 3/6: Agency Agreement

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 5:13 PM

To: Mansoori, Nina <nmansoori@torys.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael

<mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Re: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Hi Nina

I am having trouble receiving the email with the attachments because the attachments are large. Is it possible for you to resend the attachments in separate emails? Sorry about that and would appreciate it so I can review.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Mansoori, Nina

Sent: Friday, January 5, 2018 17:04

To: Mayman, Gadi (OFA); Thompson, Scott (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); McLean, David (MOF); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: 'John Lee (john.s.lee@opg.com)'; 'Ken Ryfa (ken.ryfa@opg.com)'; 'WONG Leslie -LAWDIV'; LADAK Lubna -TREASURY; Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Dost, Mitchell; Olusoga, Yinka

Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

All – just to clarify - we appreciate the Province will be reviewing the draft OM and may have comments on the disclosure which we would be happy to discuss once you have had a chance to review. Thanks,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada |
www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_

YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=Tl5btb4z_0D2omKcUyQsExzjoFL5fXo3S4-HIIyD288&s=fzlQzvt-gXuKKOXTJceLRYtbOet-4z9zlwspqJ8BKcU&e= >

[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=Tl5btb4z_0D2omKcUyQsExzjoFL5fXo3S4-HIIyD288&s=fzlQzvt-gXuKKOXTJceLRYtbOet-4z9zlwspqJ8BKcU&e= >

From: Mansoori, Nina

Sent: January-05-18 4:55 PM

To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Scott.Thompson@ontario.ca' <Scott.Thompson@ontario.ca>; 'Anna.Strathy@ofina.on.ca' <Anna.Strathy@ofina.on.ca>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; 'David.McLean@ontario.ca' <David.McLean@ontario.ca>; 'Jonathan.Tekle@ontario.ca' <Jonathan.Tekle@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'Ken.Kandeepan@ofina.on.ca' <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; 'tim.christine@ontario.ca' <tim.christine@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Importance: High

All,

Reference is made to the Change of Law Process Agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the Province") and Ontario Power Generation Inc. ("OPG") to be dated as of December 21, 2017 (the "Change of Law Process Agreement"). All capitalized terms used and not defined in this email shall have their respective meanings in the Change of Law Process Agreement.

On behalf of OPG, we have hand-delivered today to the Ministers and the Deputy Ministers the forms of Transaction Documents set out in the attached cover letter. For ease of reference, we also attach these documents here and attach blacklines to the last versions of the term supplemental indentures circulated to you. If you would like a blackline of any other Transaction Document, please send us the version you reviewed last.

We consider these forms settled other than:

· There is one change that has been proposed by the dealers, and which is under discussion, that will impact the term supplemental indentures and will necessitate some additional disclosure to the term sheet. The dealers have advised that following a Principal Payment Date (i.e. the date on which all amounts owing under the notes are expected to be repaid in full), it would be typical for the interest payment dates to accelerate to monthly (instead of semi-annually). Once the dealers and OPG have an opportunity to discuss and come to an agreement on this point next week, the necessary changes to reflect this will be made to the term supplemental indentures and the term sheet

· there are still some bullets in these documents which will be addressed closer to closing (including dates, pricing information and the names of all of the Agents)

· we expect there will be some minor clean up to the OM (including making sure all of our cross-references are correct and that the glossary picks up all defined terms).

Please let us know if you have any questions.

Best Regards,

Nina

P. 416.865.7332

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AGENCY AGREEMENT

January ●, 2018

Fair Hydro Trust
c/o Ontario Power Generation Inc.,
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: **[Name]**
[Title]

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: **[Name]**
[Title]

Dear Ladies and Gentlemen:

The undersigned, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc., ● and ● (collectively, the "**Agents**"), understand that Fair Hydro Trust (the "**Issuer**") proposes to create, issue, offer and sell (the "**Offering**"), by way of private placement in all of the provinces of Canada (collectively, the "**Offering Jurisdictions**") to certain "accredited investors", as such term is defined under applicable Securities Laws (as defined herein), up to an aggregate principal amount of $● of ●% Senior Notes due ●, Series 2018-1 (the "**Notes**"), at a price of $● per $1,000 principal amount and having the attributes set forth in the term sheet attached hereto as Appendix "A" (the "**Term Sheet**").

The Notes will be issued pursuant to a master trust indenture (the "**Master Trust Indenture**") dated as of December 21, 2017 between BNY Trust Company of Canada, as trustee (the "**Indenture Trustee**") and the Issuer, as supplemented by a term senior series **[2018-1]** supplemental indenture to the Master Trust Indenture (the "**First Term Supplemental Indenture**", and the Master Trust Indenture as amended and supplemented by the First Term Supplemental Indenture, the "**Indenture**") to be entered into as of the Closing Date (as defined herein) between the Indenture Trustee and the Issuer. A confidential shelf offering memorandum dated January ●, 2018 (the "**Shelf Offering Memorandum**"), as supplemented by the Term Sheet which, among other things, updates the Shelf Offering Memorandum to contain the final pricing information with respect to the Notes (collectively, the Shelf Offering Memorandum and the Term Sheet, the "**Offering Memorandum**"), has been prepared by the Issuer, with the assistance of the Agents, for use by the Agents in connection with the Offering.

The Issuer has entered into a management agreement dated as of December 20, 2017 pursuant to which the Issuer has delegated to Ontario Power Generation Inc. ("**OPG**"), as manager of the Issuer (the "**Manager**"), all of the powers and duties of managing the Issuer. OPG is executing this Agreement as principal only with respect to its representations, warranties and covenants set out in Section 10 and its indemnification obligations set out in Section 15(b) related to such

representations, warranties and covenants and in all other respects, OPG is executing this Agreement in its capacity as Manager.

1. **Appointment**. The Issuer hereby appoints the Agents to act as its sole and exclusive agents to effect the solicitation and private placement of the Notes in the Offering Jurisdictions, and in such other jurisdictions as may be agreed upon in writing between the Issuer and the Agents, and the Agents hereby agree to act as exclusive agents for such purpose and to use their reasonable best efforts to solicit offers to purchase the Notes on behalf of the Issuer, subject to the terms and conditions contained herein. The Issuer agrees and acknowledges that the Agents will act as agents only and will not at any time be obligated to purchase any Notes.

2. **Agents' Fee**. In consideration of the services rendered or to be rendered by the Agents to the Issuer in connection with the Offering, the Issuer shall, on the closing of the Offering (the "**Closing**"), pay to the Agents a fee equal to ●% of the aggregate principal amount of the Notes sold to purchasers (the "**Purchasers**") under the Offering (the "**Agents' Fee**"). The Agents' Fee shall be allocated among the Agents pro rata as follows:

CIBC World Markets Inc.	●%
RBC Dominion Securities Inc.	●%
Goldman Sachs Canada Inc.	●%
●	●%
●	●%

3. **Offering Restrictions.**

   (a) The Offering is to be effected in a manner exempt from the prospectus requirements of Securities Laws. The Notes shall be offered for sale to Purchasers in accordance with the "accredited investor exemption" as defined in section 2.3 of National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators ("**NI 45-106**") and, in the case of Purchasers resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario) (the "**OSA**"). For the purposes of this Agreement, "**Securities Laws**" means the applicable securities acts and laws, and the rules and regulations promulgated thereunder, of the Offering Jurisdictions and the rules, instruments, orders, published policy statements, rulings and notices of the securities regulatory authorities of such jurisdictions.

   (b) The Agents will solicit offers to purchase the Notes only from "accredited investors" (as such term is defined in section 1.1 of NI 45-106 or in section 73.3 of the OSA, as the case may be) in the Offering Jurisdictions who are not individuals unless such individuals are "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Requirements* ("**NI 31-103**")), all in accordance with all applicable Securities Laws and this Agreement and on a private placement basis so as not to require the Issuer to file a prospectus in any jurisdiction.

   (c) The Agents acknowledge and agree that the Notes will not be registered under the United States Securities Act of 1933, as amended, (the "**1933 Act**") or applicable

state securities laws and the Agents shall not offer, directly or indirectly, in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "**United States**") or to a U.S. person (as defined in Regulation S under the 1933 Act).

(d) The Agents will, upon the prior consent of the Issuer, be entitled to offer the Notes to purchasers resident in jurisdictions outside of the United States and Canada, provided that the Agents conduct all such activities in compliance with the applicable laws of any such jurisdictions, and provided that the Agents do not solicit offers to purchase or sell the Notes so as to require registration of the Notes or filing of a prospectus with respect to the Notes under the laws of any jurisdiction or impose any additional obligations on the Issuer.

4. **Distribution of Notes**.

(a) The Issuer shall, as soon as reasonably practicable and in any event prior to the Closing Date, use its reasonable commercial efforts to fulfill to the satisfaction of legal counsel to the Agents (the "**Agents' Counsel**"), acting reasonably, all legal requirements to be fulfilled by the Issuer to enable the Notes to be offered for sale and sold in each of the Offering Jurisdictions through the Agents in the manner contemplated herein and without any requirement that a prospectus be filed under the Securities Laws. The Issuer shall also file or cause to be filed with the securities regulatory authorities in the Offering Jurisdictions all information and forms required to be supplied or filed by it in connection with the Offering under applicable Securities Laws including, without limitation, filing the Offering Memorandum and the reports on Form 45-106F1 required under applicable Securities Laws. Each Agent acknowledges and agrees that it has taken or will take reasonable steps to confirm that each Purchaser of the Notes meets the terms and conditions of the prospectus exemption set forth in section 2.3 of NI 45-106 or section 73.3 of the OSA, as applicable, and obtains and retains, as necessary, relevant information and documentation to evidence the steps taken by such Agent to verify compliance with the exemption in accordance with its usual document retention policies and procedures in compliance with applicable Securities Laws, and will provide to the Issuer forthwith upon request all such information or documentation as the Issuer may reasonably request in good faith and solely for the purpose of verifying compliance with the exemption and assisting the Issuer with complying with its obligations under NI 45-106, including completing Form 45-106F1.

(b) The obligations of the Agents under this Agreement are several and not joint or joint and several. No Agent will be liable for any act, omission, default or conduct by any other Agent or any selling firm appointed by any other Agent.

5. **Deliveries by the Issuer**. The Issuer shall deliver to the Agents:

(a) reasonably promptly upon the Agents' request, such number of commercial copies of the Offering Memorandum to the offices of the Agents as the Agents may reasonably require by notice to the Issuer and an electronic version of the Offering Memorandum; and

(b) concurrently with the preparation thereof, copies of any other documents required to be signed and/or filed by the Issuer under the laws of any Offering Jurisdiction in connection with the Offering, including any Supplementary Material (as defined in Section 6), all of which the Issuer shall complete in form and substance satisfactory to the Agents, acting reasonably, and in compliance with applicable Securities Laws.

6. **Material Change**. For the purposes of this Agreement, the terms "**material change**", "**material fact**" and "**misrepresentation**" have the meanings ascribed thereto in Section 1(1) of the OSA. During the period from the date hereof to the Closing Date, the Issuer shall promptly notify the Agents in writing the full particulars of:

(a) any material change (actual, anticipated or threatened) in the business, affairs, operations, assets, liabilities (absolute, accrued, contingent or otherwise), capital or condition (financial or otherwise) of the Issuer or the Manager, which change is or will likely be of such nature as to result in a misrepresentation in the Offering Memorandum or any Supplementary Material (collectively, the "**Offering Documents**");

(b) any change in any material fact relating to or in respect of the Issuer or the Manager or to the business, affairs, operations, assets, liabilities (absolute, accrued, contingent or otherwise), capital or condition (financial or otherwise) of the Issuer or the Manager contained in the Offering Documents, which change is or will likely be of such nature as to result in a misrepresentation therein;

(c) any change, to the knowledge of the Issuer, in applicable laws, materially and adversely affecting, or which may materially and adversely affect, the business, operations, affairs, prospects or property of the Issuer, the Notes or the Offering, including, without limitation, the occurrence of a Protection Event (as defined in the Change of Law Protection Agreement (as defined in the Master Trust Indenture)); and

(d) any order of any court or securities regulatory authority preventing or suspending the use of any portion of the Offering Documents, if any, or preventing or suspending the offering or sale of the Notes in accordance with this Agreement.

The Issuer shall first discuss with the Agents in good faith any change in circumstances (actual, anticipated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt whether notice needs to be given to the Agents pursuant to this Section 6.

The Issuer shall promptly comply with all applicable filings and other requirements under applicable Securities Laws in connection with the matters referred to in subsections (a) to (d) of this Section 6 and shall prepare an amendment or supplement to the Offering Memorandum, and any amendment or supplement thereto (collectively, the "**Supplementary Material**") as may be required by Securities Laws, provided that the Supplementary Material shall be in form and substance satisfactory to the Agents, acting reasonably. Neither the Issuer nor the Agents shall provide to prospective Purchasers any document or other material relating to the Offering other than the Offering Memorandum,

any Supplementary Material or any other material previously approved by the Issuer and the Agents from time to time.

7. **Due Diligence**. During the period from the date of this Agreement to the Closing Date, the Agents shall be permitted to conduct such due diligence investigation of the Issuer and its assets, businesses and undertakings, as the Agents, acting reasonably, consider appropriate and to complete formal due diligence question and answer sessions with the Issuer and the Manager and with senior management, legal counsel and the auditor of the Issuer and such other persons as the Agents may reasonably request before the Closing Date. The Issuer and the Manager will make available to the Agents, on a reasonably timely basis, all trust, corporate, business and operating records, financial information, budgets and other information which the Agents may reasonably request, as well as access to appropriate officers and/or senior officers of the Issuer and the Manager (provided, that such access does not unduly interfere with the business operations of the Manager) and advisors and experts retained by the Issuer and/or the Manager in order to enable the Agents to complete their due diligence review.

8. **Offering Documents**. The Issuer and the Manager shall allow the Agents to participate fully in the preparation of the Offering Memorandum and any Supplementary Material and will exercise its reasonable commercial efforts to cause the appropriate officers and/or senior officers of the Issuer and the Manager to make themselves available to provide such assistance with marketing of the Notes as the Agents may reasonably require. The delivery by the Issuer of the Offering Documents to the Agents will constitute the Issuer's and the Manager's consent to the Agents to the use thereof in connection with the Offering in accordance with the provisions of this Agreement as well as the representation and warranty of the Issuer and the Manager to the Agents that, at the time of such delivery:

   (a) the information and statements contained in the Offering Documents (except information and statements relating solely to the Agents and furnished in writing by the Agents for use therein) contain no misrepresentation and contain no untrue statement of a material fact or do not omit to state a material fact regarding the Issuer, the Manager, the Notes or the Program Agreements (as defined below) that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made; and

   (b) the Offering Documents comply in all material respects, as applicable, with all Securities Laws.

9. **Representations, Warranties and Covenants of the Issuer**. The Issuer represents and warrants to, and agrees with, the Agents, as follows:

   (a) the Issuer is a trust duly constituted and validly existing under the laws of the province of Ontario and Computershare Trust Company of Canada (the "**Issuer Trustee**") has been appointed as trustee of the Issuer pursuant to the declaration of trust dated as of December 20, 2017 (the "**Declaration of Trust**");

   (b) the Issuer is duly qualified to carry on its business in each jurisdiction in which it carries on business and is in good standing in each jurisdiction or place in which such qualification is required, except where the failure so to qualify or to be in good

standing would not reasonably be expected to materially adversely affect its business, affairs, operations, financial condition, assets, properties, liabilities, capital, ownership or income taken together or have a material adverse effect on the ability of the Issuer to perform its obligations under any of this Agreement and the other Program Agreements (as defined in the Master Trust Indenture and collectively, the "**Transaction Documents**") to which it is a party (an "**Issuer Material Adverse Effect**");

(c) the Issuer has the power and authority to enter into and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party, and all other instruments and agreements delivered pursuant hereto and thereto;

(d) the execution, delivery and performance by the Issuer of, this Agreement and each of the other Transaction Documents to which it is a party, and every instrument or agreement delivered pursuant hereto and thereto:

(i) has been or will be duly authorized by all requisite action;

(ii) does not and will not conflict with, result in any breach or violation of, or constitute a default under the Declaration of Trust, or any applicable law, rule, regulation, order, judgment, determination or award presently in effect and applicable to it, or of any material agreement or any other instrument to which it is now a party or any of its properties are subject or otherwise bound; and

(iii) does not require the consent, filing, authorization, order, registration, qualification or approval (other than those consents or approvals already obtained) of any person or governmental authority, except that the Issuer must file with the applicable securities regulatory authorities a report on Form 45-106F1, prepared and executed in accordance with NI 45-106, accompanied by any applicable prescribed fees, together in certain Offering Jurisdictions with a copy of the Offering Memorandum and any Supplementary Material;

(e) each of the Transaction Documents to which the Issuer is a party has been, or will be at or prior to the Closing, duly executed and delivered by the Issuer Trustee or the Manager, as the case may be, on behalf of the Issuer, and in addition in the case of the Notes, duly certified by the Indenture Trustee and each of the Transaction Documents is, or will be on the Closing, a legal, valid and binding obligation of the Issuer enforceable against it in accordance with its respective terms, subject to applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally and subject to the qualifications that equitable remedies may only be granted in the discretion of a court of competent jurisdiction and except that rights of indemnity, contribution and waiver of contribution may be limited under applicable law;

(f) the Issuer is not in violation of the Declaration of Trust or in default in the performance or observance of any obligation, agreement, covenant or condition

contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound or to which any of the property or assets of the Issuer is subject (including, for the avoidance of doubt, any Transaction Documents to which it is a party), except for such defaults that would not reasonably be expected to have an Issuer Material Adverse Effect;

(g) the Issuer: (i) is not in violation in any material respect of any law, ordinance, franchise, governmental rule or regulation to which it is subject, (ii) has not failed to obtain any material license, permit, qualification or governmental authorization necessary to the ownership of its property or the conduct of its business, and (iii) is not in default in any material respect of any order of any court or governmental authority or arbitration board or tribunal to which it is subject;

(h) no event of default has occurred and is continuing in respect of any outstanding indebtedness of the Issuer;

(i) no Protection Event has occurred and no Suspension Notice (as defined in the Change of Law Protection Agreement) has been received by the Issuer, and upon satisfaction of the Adherence Conditions (as defined in the Change of Law Protection Agreement), the Notes shall constitute Approved Obligations (as defined in the Change of Law Protection Agreement);

(j) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(k) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(l) since ●, 2017, (i) there has been no Issuer Material Adverse Effect and (ii) there has been no change, which would have a material adverse effect on the ability of the Issuer to fulfill its payment obligations under the Notes;

(m) except as disclosed in the Offering Memorandum, there are no actions, suits or proceedings existing, or, to the Issuer's knowledge after having made due enquiry, pending or threatened, affecting the Issuer in any court or before or by any governmental authority as of the date hereof which if decided, determined or resolved in a manner adverse to the Issuer, could reasonably be expected to have an Issuer Material Adverse Effect or have a material adverse effect on: (i) the ability of the Issuer to perform its obligations under the Transaction Documents to which it is a party; (ii) the ability of the Issuer to fulfill its payment obligations under the Notes; or (iii) the ability of the Issuer to conduct its business as described in the Offering Memorandum;

(n) as of the date of delivery, the financial model delivered by the Issuer to the Agents (the "**Financial Model**") contains the Issuer's reasonable estimate of projected [describe financial model metrics]. The Financial Model has been prepared in good faith, with due care and skill, is based on all information known to the Issuer and

the Manager at the time which could reasonably be relevant to the preparation thereof, and is subject to assumptions that, as of the date of delivery, are reasonable in the circumstances and the Issuer is not aware of any material inaccuracies in the Financial Model;

(o) the Issuer is a direct or indirect subsidiary of the Manager;

(p) the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule";

(q) the Issuer is not in material default of its obligations under any applicable legislation, rules, regulations, instruments, guidelines or policies, including Securities Laws;

(r) no securities commission, stock exchange or similar regulatory authority has issued any order preventing or suspending trading in any securities of the Issuer or preventing or suspending use of the Shelf Offering Memorandum or the Offering Memorandum, and, to the knowledge of the Issuer, no proceedings, investigations or inquiries for such purpose are pending or contemplated or threatened;

(s) neither the Shelf Offering Memorandum (except to the extent corrected in the Term Sheet) nor the Term Sheet, as of their respective dates, contain any misrepresentation or contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which such statement was made, and the Offering Memorandum complies in all material respects with Securities Laws;

(t) the attributes and characteristics of the Notes and the Indenture conform, in all material respects, to the attributes and characteristics thereof described in the Offering Memorandum;

(u) the proceeds from the issuance of the Notes will be applied as described in the Term Sheet under the heading *"Use of Proceeds"*;

(v) the statements in the Shelf Offering Memorandum under the heading *"Statutory Rights of Actions*" and in the Term Sheet under the heading *"Certain Canadian Federal Income Tax Considerations"* accurately summarize, in all material respects, the matters referred to therein;

(w) other than as provided for in this Agreement, the Issuer has not incurred any obligation or liability (absolute, accrued, contingent or otherwise) for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the transactions contemplated herein;

(x) the Indenture Trustee at its principal office in the City of Toronto, Ontario has been or will be on the Closing Date duly appointed as the trustee under the Indenture in respect of the Notes;

(y) prior to the Closing Date, the form and terms of the global certificate(s) representing the Notes will have been approved and adopted by the Issuer and will comply with all legal requirements and will not conflict with the Indenture;

(z) all requisite action has been, or will be, taken by the Issuer to authorize the delivery of the Offering Memorandum and the filing of the Offering Memorandum with all applicable securities commissions or similar regulatory authorities, as applicable, as required by Securities Laws;

(aa) the Issuer Trustee, as trustee of the Issuer, has all requisite power, authority and capacity to create, authorize, issue and sell the Notes and on or prior to the Closing Date all actions required to be taken by or on behalf of the Issuer will have occurred so as to validly create, authorize, issue and sell the Notes; and

(bb) on the Closing Date, upon execution and delivery of the Indenture, the Notes will be duly and validly created and, upon receipt of the purchase price will be duly and validly issued as fully paid Notes.

10. **Representations, Warranties and Covenants of OPG**. OPG represents and warrants to, and agrees with, the Agents, as follows:

(a) OPG is (i) a corporation duly incorporated and organized and validly existing under the *Business Corporations Act* (Ontario), (ii) duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification, except where the failure to so qualify would not reasonably be expected to materially adversely affect its business, affairs, operations, financial condition, assets, properties, liabilities, capital, ownership or income taken together or have a material adverse effect on its ability to perform its obligations under the change of law process agreement dated as of December 21, 2017 (the "**Change of Law Process Agreement**") between Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**") or its obligations under any of the Transaction Documents to which it is a party (a "**Manager Material Adverse Effect**"), and (iii) has the power and authority to enter into and perform its obligations under the Change of Law Process Agreement and each of the Transaction Documents to which it is a party (including, for the avoidance of doubt, the Management Agreement);

(b) the execution, delivery and performance by OPG of, this Agreement, the Change of Law Process Agreement and each of the other Transaction Documents to which it is a party, and every instrument or agreement delivered pursuant hereto or thereto:

(i) has been or will be duly authorized by all requisite action;

(ii) does not and will not conflict with, result in any breach or violation of, or constitute a default under its constating documents, as amended, or bylaws, or any resolutions of its board of directors or shareholders, or any applicable law, rule, regulation, order, judgment, determination or award presently in effect and applicable to it, or of any material agreement or any other

instrument to which it is now a party or any of its properties are subject or otherwise bound; and

(iii) does not require the consent, filing, authorization, order, registration, qualification or approval (other than those consents or approvals already obtained) of any person or governmental authority;

(c) none of OPG nor any of its subsidiaries is in violation of its constating documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which it or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the property or assets of OPG or any subsidiary of OPG is subject (including, for the avoidance of doubt, the Change of Law Process Agreement and any Transaction Documents to which it is a party), except for such defaults that would not reasonably be expected to have a Manager Material Adverse Effect;

(d) the Change of Law Process Agreement and each of the Transaction Documents to which OPG is a party has been, or will be at or prior to the Closing, duly executed and delivered by OPG, and the Change of Law Process Agreement and each of the Transaction Documents to which OPG is a party is, or will be on the Closing, a valid and binding obligation of OPG enforceable against it in accordance with its respective terms, subject to applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally and subject to the qualifications that equitable remedies may only be granted in the discretion of a court of competent jurisdiction and except that rights of indemnity, contribution and waiver of contribution may be limited under applicable law;

(e) OPG is not in material default of its obligations under any applicable legislation, rules, regulations, instruments, guidelines or policies, including Securities Laws, except, in each case for such defaults that would not reasonably be expected to have a Manager Material Adverse Effect;

(f) no Protection Event has occurred and no Suspension Notice has been received by OPG, and upon satisfaction of the Adherence Conditions, the Notes shall constitute Approved Obligations;

(g) except as disclosed in the Offering Memorandum, there are no actions, suits or proceedings pending or, to OPG's knowledge after having made due enquiry, pending or threatened, affecting OPG in any court or before or by any governmental authority as of the date hereof against OPG, any of its undertaking, property and assets which, if adversely decided, could reasonably be expected to materially adversely affect the issuance of the Notes or the consummation of the transactions contemplated by the Change of Law Process Agreement or the Transaction Documents; and

(h) neither the Shelf Offering Memorandum (except to the extent corrected in the Term Sheet) nor the Term Sheet, as of their respective dates, contain any misrepresentation or contain any untrue statement of a material fact or omit to state

a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which such statement was made, and the Offering Memorandum complies in all material respects with Securities Laws.

11. **Representations, Warranties and Covenants of the Agents**. Each of the Agents, severally (and not jointly or jointly and severally) represent and warrant to the Issuer and agree with the Issuer that:

(a) it has not offered or sold, and will not offer or sell, any Notes to, or for the benefit of, any resident of Canada or any province thereof or to, or for the benefit of, any resident of any other jurisdiction (to the extent permitted to offer and sell Notes in such other jurisdictions pursuant to Section 3(d) hereof) in contravention of applicable Securities Laws or such other jurisdictions, as applicable;

(b) any offer of Notes in Canada will be made only pursuant to the exemption from the requirement to file a prospectus set forth in Section 2.3 of NI 45-106 and, in the case of Purchasers resident in Ontario, section 73.3(2) of the OSA, such that: (i) each Purchaser of Notes will be an "accredited investor" (as such term is defined in section 1.1 of NI 45-106 or in section 73.3 of the OSA, as the case may be) and further such that one or more of the categories set forth in the definition of "accredited investor" will correctly and in all respects describe such Purchaser; (ii) such Purchaser will not be a person created or being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in Section 1.1 of NI 45-106; and (iii) such Purchaser will either be purchasing the Notes as principal for their own account, or are deemed to be purchasing the Notes as principal by applicable law;

(c) any offer of Notes will not be made to individuals unless such individuals are "permitted clients" (as such term is defined in NI 31-103);

(d) it has taken or will take reasonable steps to confirm that each Purchaser of Notes in Canada meets the terms and conditions of the "accredited investor exemption" as defined in section 2.3 of NI 45-106 and, in the case of Purchasers resident in Ontario, section 73.3(2) of the OSA (collectively, the "**AI Requirements**") and shall obtain and retain, as necessary, relevant information and documentation to evidence the steps taken to verify compliance with the AI Requirements in accordance with its usual document retention policies and procedures in compliance with applicable laws and provide to the Issuer forthwith upon request all such information or documentation as the Issuer may reasonably request in good faith and solely for the purpose of verifying compliance with the AI Requirements and assisting the Issuer with complying with its obligations under NI 45-106, including completing Form 45-106F1;

(e) it is duly qualified in the Offering Jurisdictions in a category of registration under applicable Securities Laws that permits it to offer and sell the Notes to purchasers resident in each of the Offering Jurisdictions in the manner contemplated herein and in the Offering Memorandum; and

(f) it has not and shall not make any representation or warranty with respect to the Issuer, the Manager or the Notes other than as set forth in the Offering Documents.

12. **Closing**. The Closing of the purchase and sale of the Notes under this Agreement will take place at the offices of Torys LLP, 79 Wellington St. West, 30th Floor, Box 270, TD South Tower Toronto, Ontario at [**9:00]** a.m. (Toronto time) on January ●, 2018 or at such other date and time as may be agreed upon by the Agents and the Issuer (the date of Closing, the "**Closing Date**" and the time of Closing on the Closing Date, the "**Closing Time**").

13. **Conditions to Closing; Closing Deliveries**. The obligations of the Agents under this Agreement to complete the purchase and sale of the Notes at the Closing Time is subject to the following conditions:

(a) the Issuer shall have obtained and provided to the Agents a final rating letter in respect of the Notes from each of DBRS Limited and Moody's Investor Services, Inc. providing a rating of **[AAA(sf)]** and **[Aa2(sf)]**, respectively, and such ratings shall not have been withdrawn, or down-graded or placed under "credit watch" nor shall any such action have been threatened;

(b) each of the Program Agreements to which the Issuer is a party (excluding the 2018-1 Term Supplemental Indentures (as defined below)) shall be in full force and effect as of the Closing Date;

(c) each of the First Term Supplemental Indenture, the junior subordinated series 2018-1 supplemental indenture to the Master Trust Indenture (the "**Junior Subordinated Term Supplemental Indenture**") and the subordinated series 2018-1 supplemental indenture to the Master Trust Indenture (the "**Subordinated Term Supplemental Indenture**" and together with the First Term Supplemental Indenture and the Junior Subordinated Term Supplemental Indenture, the "**2018-1 Term Supplemental Indentures**") shall have been executed and delivered by the appropriate parties thereunder, in form and substance satisfactory to the Agents, acting reasonably and the notes contemplated thereby shall have been validly issued;

(d) an adherence compliance certificate with respect to the Notes required pursuant to Section 4.02(a)(ii) of the Change of Law Protection Agreement or written confirmation that the Notes constitute Approved Obligations pursuant to Section 4.01(ii) of the Change of Law Protection Agreement, shall have been executed and delivered by the appropriate parties thereunder, in form and substance satisfactory to the Agents, acting reasonably;

(e) the Agents shall have received certificates from each of the Issuer and OPG dated the Closing Date, addressed to the Agents, and signed by two Responsible Officers (as defined in the Indenture) of the Issuer and two officers of OPG as may be acceptable to the Agents, acting reasonably, substantially as set out in Appendix "B" and Appendix "C", as applicable;

(f) the Agents shall have received a certificate, dated the Closing Date, signed by any Responsible Officer of the Issuer and addressed to the Agents and the Agents'

Counsel, with respect to the constating documents of the Issuer and other action relating to the Master Trust Indenture, the 2018-1 Term Supplemental Indentures, the authorization, creation, issue and sale of the Notes and the incumbency and specimen signatures of signing officers;

(g) the Agents shall have received a certificate, dated the Closing Date, signed by any authorized officer of the Manager, with respect to: (i) a copy of its incorporating documents and all amendments thereto and applicable by-laws; (ii) resolutions of the board of directors of the Manager approving and authorizing the execution, delivery and performance of each of the Master Trust Indenture and 2018-1 Term Supplemental Indentures; and (iii) incumbency and signatures of signing officers of the Manager executing the Master Trust Indenture and the 2018-1 Term Supplemental Indentures and the other documents to be delivered by the Manager thereunder, in each case showing their names, offices and specimen signatures;

(h) the Agents shall have received a certificate, dated the Closing Date, signed by any authorized officer of the Issuer Trustee with respect to: (i) a copy of its incorporating documents and all amendments thereto and applicable by-laws; and (ii) incumbency and signatures of signing officers of the Issuer Trustee, in each case showing their names, offices and specimen signatures;

(i) the Agents shall have received certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(j) the Agents shall have received:

(i) an opinion of Torys LLP, legal counsel to the Issuer, addressed to the Agents, the Agents' Counsel and the Issuer dated the Closing Date, in form and substance satisfactory to the Agents, acting reasonably, with respect to matters relating to the Issuer and the Offering; it being understood that Torys LLP may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, trustees, directors or other representatives of the Issuer, the Manager or the Issuer Trustee;

(i) an opinion of Hunton & Williams LLP, U.S. legal counsel to the Issuer, addressed to the Agents, the Agents' Counsel and the Issuer dated the Closing Date, in form and substance satisfactory to the Agents, acting reasonably, that the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule"; it being understood that Hunton & Williams LLP may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, trustees, directors or other representatives of Issuer, the Manager or the Issuer Trustee;

(k) the Agents shall have received a final report from Operis Business Engineering Limited, the model auditor, in form and substance acceptable to the Agents, acting reasonably, with respect to their review of the Financial Model;

(l) the Agents shall have received a favourable legal opinion, addressed to the Agents and dated the Closing Date, from Agents' Counsel, in a form acceptable to the Agents, acting reasonably; it being understood that Agents' Counsel may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, directors or other representatives of the Issuer, the Issuer Trustee or the Manager;

(m) the Issuer shall have met all requirements of CDS Clearing and Depository Services Inc. ("**CDS**") necessary to make use of its book entry system;

(n) the Issuer shall deliver one global certificate representing the Notes, registered in the name of "CDS & Co." (or in such other name as the Agents may direct in writing not less than 24 hours prior to the Closing) and duly signed by a Responsible Officer of the Issuer and countersigned by the Indenture Trustee, against payment to the Issuer, or as the Issuer may direct to the Agents in writing not less than 48 hours prior to the Closing, of the aggregate purchase price for the Notes, net of the Agents' Fee, by electronic wire transfer of immediately available funds or in such other manner as the Issuer and the Agents may agree;

(o) all consents, approvals and authorizations from any governmental authority or body or any other third party required for the creation, issuance, sale and delivery of the Notes or the fulfillment of the terms of the Transaction Documents shall have been obtained; and

(p) the receipt of such other documentation or information as may be requested by the Agents and which they have determined to be necessary to give effect to the Offering, acting reasonably.

14. **Rights of Termination.**

(a) If, prior to the Closing:

(i) any action, suit or other proceeding, whether formal or informal, occurs or is commenced, announced or threatened, or any order is made by any governmental authority or there is a change of law or in the interpretation or administration thereof (including a Protection Event), which in the opinion of any of the Agents, acting reasonably, operates to prevent or materially restrict trading or the distribution of the Notes or which would be expected to have an Issuer Material Adverse Effect or which materially adversely affects the market price or value of the Notes;

(ii) there occurs any material change or a change in any material fact or any new fact such as is contemplated by Section 6, which has, or in the opinion of any of the Agents could reasonably be expected to have, an Issuer

Material Adverse Effect or materially adversely affect the market price or value of the Notes; or

(iii) there develops, occurs or comes into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, acts of hostilities or escalation thereof or other calamity or crises or any change or development involving a prospective change in national or international political, financial or economic conditions or any incident, governmental action, law, regulation, policy, inquiry or other occurrence of any nature whatsoever which, in the reasonable opinion of any of the Agents, materially adversely affects, or involves, or will materially adversely affect the financial markets or which operates to prevent or materially restrict the trading or the distribution of the Notes;

the Agents (or any of them) are entitled at their sole option, to terminate their obligations under this Agreement by written notice to that effect given to the Issuer any time prior to the Closing Time.

(b) The Issuer agrees that all terms and conditions contained herein will be construed as conditions, that they shall use commercially reasonable efforts to cause such conditions to be complied with, and that any breach or failure by the Issuer to comply with any such conditions, in any material respect, will entitle any of the Agents to terminate their obligations under this Agreement by written notice to that effect given to the Issuer at or prior to the Closing Time. The Agents may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to their rights in respect of any other terms and conditions or any other breach, subsequent breach or non-compliance, provided that to be binding on an Agent, any such waiver must be in writing and signed by such Agent.

(c) The rights of termination contained in subsections (a) and (b) of this Section 14 are in addition to any other rights or remedies the Agents may have in respect of any default, act or failure to act or non-compliance by the Issuer in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there will be no further liability on the part of the Agents to the Issuer, or on the part of the Issuer to the Agents, except, in each case, in respect of any liability which may have arisen prior to or which arises after such termination under any of Sections 15 and 16.

15. **Indemnity.**

(a) The Issuer agrees to indemnify and hold harmless each of the Agents and each of their affiliates and each of their respective directors, officers, employees and agents, (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**"), from and against any and all losses (other than loss of profit in connection with the distribution of the Notes), expenses, claims (including shareholder actions, derivative or otherwise), actions, damages and liabilities, joint or several, including, without limitation, the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and

expenses of their counsel (collectively, the "**Losses**") that may be suffered by, imposed upon or asserted against an Indemnified Party as a result of, in respect of, or connected with or arising out of any action, suit, proceeding, investigation or claim that may be made or threatened by any person or in enforcing this indemnity (collectively the "**Claims**") insofar as the Claims relate to, are caused by, or result from, arise out of or are based upon, directly or indirectly:

(i) any breach by the Issuer of applicable Securities Laws in connection with the offer, issue and sale of the Notes under this Agreement or as a result of any order made against the Issuer by any court or governmental authority in the Offering Jurisdictions which operates to prevent or materially restrict trading in or the distribution of the Notes;

(ii) any misrepresentation or alleged misrepresentation in the Offering Documents or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (other than a misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the information contained therein relating solely to the Agents which was furnished in writing by the Agents for use therein);

(iii) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority or other competent authority, based on any misrepresentation or any alleged misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the Offering Memorandum, which prevents or restricts the trading in or the distribution of the Notes;

(iv) any inaccuracy of any representation or warranty of the Issuer contained in this Agreement or in any certificate or other document delivered by the Issuer pursuant hereto; or

(v) any breach by the Issuer of any covenant, term or condition to be performed by it contained in this Agreement or in any document or certificate delivered by the Issuer pursuant hereto.

(b) In addition to the Issuer's obligations under section 15(a), OPG agrees to indemnify and hold harmless each of the Indemnified Parties, from and against any and all Losses that may be suffered by, imposed upon or asserted against an Indemnified Party as a result of, in respect of, or connected with or arising out of any Claim insofar as the Claims relate to, are caused by, or result from, arise out of or are based upon, directly or indirectly:

(i) any breach by OPG or the Issuer of applicable Securities Laws in connection with the offer, issue and sale of the Notes under this Agreement

or as a result of any order made against the Issuer by any court or governmental authority in the Offering Jurisdictions which operates to prevent or materially restrict trading in or the distribution of the Notes;

(ii) any misrepresentation or alleged misrepresentation in the Offering Documents or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (other than a misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the information contained therein relating solely to the Agents which was furnished in writing by the Agents for use therein);

(iii) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority or other competent authority, based on any misrepresentation or any alleged misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the Offering Memorandum, which prevents or restricts the trading in or the distribution of the Notes;

(iv) any inaccuracy of any representation or warranty of OPG or the Issuer contained in this Agreement or in any certificate or other document delivered by OPG or the Issuer pursuant hereto; or

(v) any breach by OPG or the Issuer of any covenant, term or condition to be performed by either of them contained in this Agreement or in any document or certificate delivered by OPG or the Issuer pursuant hereto, excluding the 2018-1 Term Supplemental Indentures or the notes issued thereunder.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that with respect to its indemnification obligations set out in Section 15(b)(i), (iv) and (v), OPG is not agreeing to indemnify or hold any Indemnified Party harmless with respect to any of the following:

(i) any Losses resulting from any breach by the Issuer of any covenant, term or condition to be performed by it contained in this Agreement or in any document or certificate delivered by the Issuer pursuant hereto caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Ontario Fair Hydro Plan Act, 2017 or the regulations passed thereunder; provided that this Section 15(c)(i) shall not apply to limit the liability of OPG in respect of any delegation to a third party as provided for in Section 4.7 of the Management Agreement;

(ii) any Losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any

final and non-appealable judicial decision, other than Losses resulting solely from OPG's failure to comply with Section 4.1(a)(xiv) of the Management Agreement; or

(iii) any Losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province.

(d) The parties hereto agree that neither the Issuer nor OPG is providing any representations, warranties or covenants in this Agreement or in any document or certificate delivered by OPG or the Issuer pursuant hereto, and shall have no liability to any Indemnified Party, with respect to the collectability of the Clean Energy Adjustment (as defined in the Management Agreement) or the Carrying Costs (as defined in the Management Agreement), or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Notes, provided that, for greater certainty, the foregoing qualification is not meant to diminish in any way the representations and warranties given by OPG or the Issuer in this Agreement, or in any document or certificate delivered by OPG or the Issuer pursuant hereto, that neither the Shelf Offering Memorandum (except to the extent corrected in the Term Sheet) nor the Term Sheet, as of their respective dates, contain any misrepresentation or contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which such statement was made.

(e) The Issuer and OPG are each referred to in this Section 15 as an "**Indemnifying Party**". Each Indemnifying Party agrees to waive any right such Indemnifying Party may have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under the indemnity in this Section 15. Each Indemnifying Party will not, without the Agents' prior written consent (as the case may be), such consent not to be unreasonably withheld, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any Claim in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Party from any liabilities arising out of such Claim without any admission of negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party.

(f) Promptly after receiving notice of a Claim against the Agents or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from an Indemnifying Party, the Agents or any such other Indemnified Party will notify the Indemnifying Party promptly in writing of the particulars thereof, provided that the omission so to notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability which the Indemnifying Party may have to the Agents or any other Indemnified Party except and only to the extent that any such delay in or failure to give notice as herein

required prejudices the defence of such Claim or results in any material increase in the liability which the Indemnifying Party has under this Section 15. Each Indemnifying Party shall have 14 calendar days after receipt of the notice to undertake, conduct and control, through counsel of its own choosing and at its own expense, the settlement or defence of the Claim. If the Indemnifying Party undertakes, conducts and controls the settlement or defence of the Claim, the relevant Indemnified Parties shall have the right to participate in the settlement or defence of the Claim at their own cost subject to Section 15(h).

(g) The indemnity in this Section 15 shall cease to apply to an Indemnified Party to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable determines that such Losses to which the Indemnified Party may be subject were primarily caused by the fraud, fraudulent misrepresentation or gross negligence of such Indemnified Party or the Claim being asserted is as a result of a person not being provided with the Offering Memorandum or any Supplementary Material which corrects any misrepresentation or omission or alleged misrepresentation or omission in the Offering Memorandum or any other Supplementary Material due to a failure by the Agents to provide to such person such documents, as applicable, and which the Indemnifying Party has provided to the Agents to provide to such person, and in such event the Indemnified Party shall reimburse to the Indemnifying Party any funds advanced to the Indemnified Party in respect of such Claim.

(h) Each of the Indemnified Parties may retain counsel to separately represent them in the defence of a Claim, which shall be at the applicable Indemnifying Party's expense if: (i) the Indemnifying Party does not promptly assume the defence of the Claim no later than 14 calendar days after receiving actual notice of the Claim, (ii) the Indemnifying Party agrees to such separate representation, or (iii) the Indemnified Party, as the case may be, are advised by counsel that there is an actual or potential conflict between the Indemnifying Party's interests on the one hand and the Indemnified Party's interests on the other hand or additional defences are available to the Indemnified Parties, which makes representation by the same counsel inappropriate.

(i) In order to provide for just and equitable contribution in circumstances in which the indemnity in this Section 15 is unavailable (other than in accordance with the terms hereof) to the Indemnified Parties or insufficient to hold them harmless in respect of a Claim, the Indemnifying Parties shall jointly and severally contribute to the amount paid or payable by the Agents, as a result of such Claim in such proportion so that the Agents shall be responsible for that portion represented by percentage that the Agents' Fee received by the Agents hereunder bears to the aggregate principal amount of the Notes sold hereunder and the Indemnifying Parties shall be responsible for the balance whether or not they have been sued separately or together, provided, however that each Agent shall not in any event be liable to contribute, in the aggregate, any amount in excess of the Agents' Fee actually received by such Agent. The rights to contribution provided hereunder shall be in addition to and not in derogation of any other right to contribution which the Agents may have by statute or otherwise at law. No person that is determined

by a court of competent jurisdiction in a final judgment that has become non-appealable to have engaged in any fraud, fraudulent misrepresentation or gross negligence in connection with any matter that is the subject of the contribution payments contemplated by this Section 15(i) shall be entitled to such contribution.

(j) Each Indemnifying Party hereby constitutes each of the Agents as trustee, respectively, for each of the other Indemnified Parties, as appropriate, of the Indemnifying Party's covenants under the indemnity in this Section 15 with respect to those persons and the Agents agree to accept that trust and to hold and enforce those covenants on behalf of those persons.

(k) The obligations of the Indemnifying Party hereunder are in addition to any liabilities which such Indemnifying Party may otherwise have to the Agents or any other Indemnified Party.

16. **Expenses**. Whether or not the Offering is completed, all expenses of or incidental to the creation, authorization, issue, delivery and sale of the Notes and of or incidental to all other matters in connection with the Offering shall be borne by the Issuer, including, without limitation, reasonable expenses payable in connection with the fees and expenses of counsel to the Issuer, counsel to the Agents and local counsel in each of the Offering Jurisdictions, fees and disbursements of its accountants and auditors and other experts, the Indenture Trustee's fees, fees of ratings agencies and CDS, printing costs, delivery charges, fees and costs incurred in connection with the marketing of the Notes including travel expenses, road-shows, and filing fees (including securities regulatory private placement filing fees and fees payable to the Investment Industry Regulatory Organization of Canada), reasonable and documented out-of-pocket expenses of the Agents and all taxes payable on such fees and expenses.

17. **Severability**. If any provision of this Agreement is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision shall be severable from this Agreement.

18. **Public Announcement**. For the period commencing on the date hereof and expiring on the Closing Date, and subject to the requirements of the Securities Laws, each of the Issuer and the Manager shall not, without first obtaining the approval of the Agents (such approval not to be unreasonably withheld), and the Agents shall not, without first obtaining the approval of the Issuer and the Manager, make any public communications, verbally, electronically or in writing, including issuing any press release respecting the issue of the Notes.

19. **Survival**. The representations, warranties, covenants, obligations and agreements of the parties contained herein or delivered pursuant hereto shall survive the issuance and sale of the Notes and shall continue in full force and effect notwithstanding any subsequent disposition of the Notes. The Agents shall be entitled to rely on the representations and warranties of the Issuer and the Manager contained in Sections 8, 9 and 10 herein or delivered pursuant hereto notwithstanding any investigation which the Agents may undertake or which may be undertaken on the Agents' behalf.

20. **Acknowledgement of Agents**. Each Agent (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor (as defined in the Master Trust Indenture) under the Master Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability hereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition); (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Master Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (y) add the Agents (or their respective agents) to the register of Specified Creditors described in Section 13.13 of the Master Trust Indenture and (z) disseminate the notice details of the Agents to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Master Trust Indenture.

21. **Notices**. Any notice or other communication to be given hereunder shall, in the case of notice to the Issuer, be addressed to:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Lubna Ladak
Telephone: (416) 592-5984
Facsimile: (416) 592-4189
E-mail: lubna.ladak@opg.com

with a copy to:

Computershare Trust Company of Canada, in its capacity as Issuer Trustee for the Issuer
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: ●
Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Ontario Power Generation Inc., in its capacity as Manager of the Issuer
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Lubna Ladak
Telephone: (416) 592-5984
Facsimile: (416) 592-4189
E-mail: lubna.ladak@opg.com

with a copy to:

Torys LLP
79 Wellington St. West
30th Floor, Box 270
TD South Tower
Toronto, ON M5K 1N2

Attention: Rima Ramchandani
Telephone: (416) 865-7500
Facsimile: (416) 865-7380
E-mail: rramchandani@torys.com

and, in the case of notice to the Agents, to:

CIBC World Markets Inc.
Brookfield Place
5th Floor, 161 Bay Street
Toronto, ON M5J 2S8

Attention: ●
●

Facsimile: (416) 594-7760

- and -

RBC Dominion Securities Inc.
200 Bay Street, 4th Floor
Royal Bank Plaza, South Tower
Toronto, ON M5J 2W7

Attention: ●
●

Facsimile: (416) 842-7777

- and -

Goldman Sachs Canada Inc.
●

Attention: ●

●

Facsimile: ●

- and -

●

Attention: ●
●

Facsimile: ●

●

Attention: ●
●

Facsimile: ●

with a copy to the Agents' Counsel at:

Osler, Hoskin & Harcourt LLP
100 King Street West
Suite 6200, P.O. Box 50
1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Michael Innes

Facsimile: (416) 862-6666

Any such notice or other communication shall be in writing, and unless delivered personally to a responsible officer of the addressee, shall be given by courier service or fax (with receipt confirmed) or e-mail, and will be deemed to have been received, if given by fax or e-mail, on the day of sending (if such day is a Business Day and, if not, on the next Business Day following the sending thereof) and, if given by courier service, on the next Business Day following the sending thereof. For the purposes of this Agreement, a "**Business Day**" means a day which is not a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario.

22. **Confidentiality.** Other than the terms and conditions of this Agreement that are disclosed in the Offering Memorandum, the Issuer, the Manager and the Agents agree that they shall keep the terms and conditions of this Agreement confidential and shall not disclose the terms and conditions of this Agreement to any other person except to their affiliates and those directors, officers, employees and agents of each of the Issuer, the Manager and the Agents who need to review such terms and conditions so as to be able to give effect to the Offering (including pursuant to standard internal requirements); provided, however, that nothing in this Section 22 shall restrict disclosure by the Issuer, the Manager or any of the

Agents of the terms and conditions of this Agreement if: (i) such party is legally compelled to do so by order of a court or other competent governmental or regulatory agency, in the course of any judicial or administrative proceeding or by applicable law, or (ii) such party is reasonably required to do so in order to protect its legitimate interests in connection with a legal proceeding under this Agreement.

23. **Time of the Essence**. Time is of the essence of this Agreement.

24. **Currency**. Unless otherwise indicated, all references to "$" in this Agreement are references to the lawful currency of Canada.

25. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein and the courts of such province will have exclusive jurisdiction over any dispute hereunder.

26. **Entire Agreement**. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings relating to the Offering. This Agreement may only be amended or modified in any respect by the written agreement of all of the parties hereto.

27. **Assignment.** None of the rights and obligations of the parties hereunder shall be assignable or transferable by any party without the prior written consent of the other parties hereto.

28. **Successors and Assigns**. The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Issuer, the Manager and the Agents and their respective successors and permitted assigns.

29. **Singular and Plural; Gender**. Where the context so requires, words importing the singular number include the plural and *vice versa*, and words importing gender shall include the masculine, feminine and neuter genders.

30. **Execution in Counterparts**. This Agreement may be executed in counterparts (including counterparts by facsimile), each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

[Signature page follows]

If the foregoing is acceptable to the Issuer and the Manager, please signify such acceptance by signing and returning one copy of this letter to the Agents, which accepted offer shall constitute the contract for the provision of services of the Agents in connection with the Offering referred to herein and shall constitute a binding agreement between the parties hereto.

Yours very truly,

CIBC WORLD MARKETS INC.

By: _____
Name:
Title:

RBC DOMINION SECURITIES INC.

By: _____
Name:
Title:

GOLDMAN SACHS CANADA INC.

By: _____
Name:
Title:

[NTD: Other Dealers to be added as determined.]

By: _____
Name:
Title:

ACCEPTED AND AGREED to this _____ day of January, 2018.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

APPENDIX “A”

TERM SHEET

(see attached)

APPENDIX "B"

FORM OF OFFICERS' CERTIFICATE OF THE ISSUER

1. the Issuer has duly complied with all terms and conditions of this Agreement, the Master Trust Indenture and the 2018-1 Term Supplemental Indentures on its part to be complied with and satisfied at or prior to the Closing and no Termination Event (as defined in the Master Trust Indenture) has occurred;

2. no order, ruling or determination having the effect of suspending the sale or ceasing or suspending trading in the Notes or any other securities of the Issuer has been issued by any securities commission or any other regulatory authority and is continuing in effect and no proceedings for such purpose have been instituted and are continuing or are pending or, to the knowledge, information and belief of the persons signing such certificate, are contemplated or threatened;

3. the representations and warranties of the Issuer contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time, after giving effect to the transactions contemplated by this Agreement;

4. the representations and warranties of the Issuer set forth in Section 12.01 of the Master Trust Indenture and Section 3.1 of the Supplemental Indenture are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby; and

5. to the knowledge of the Issuer (after due inquiry), no default or Event of Default has occurred or is continuing. For the purposes of such certificate, an "Event of Default" has the meaning to be given to such terms in the Indenture.

APPENDIX "C"

FORM OF OFFICERS' CERTIFICATE OF OPG

1. OPG has duly complied with all terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Closing; and

2. the representations and warranties of OPG contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time, after giving effect to the transactions contemplated by this Agreement.

From: Saulnier, Brett [bsaulnier@torys.com]
To: Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Scott Thompson (CAB) [Scott.Thompson@ontario.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; David McLean (MOF) [David.McLean@ontario.ca]; Jonathan Tekle (CAB) [Jonathan.Tekle@ontario.ca]; Thouin, Alena (ENERGY) [Alena.Thouin@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Steen Hume (CAB) [Steen.Hume@ontario.ca]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; John Lee (john.s.lee@opg.com) [john.s.lee@opg.com]; Ken Ryfa (ken.ryfa@opg.com) [ken.ryfa@opg.com]; WONG Leslie -LAWDIV [leslie.wong@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]; 'ASHBOURNE, STEPHEN' [STEPHEN.ASHBOURNE@blakes.com]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]
CC: Mansoori, Nina [nmansoori@torys.com]
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 1/6)
Date: Friday, January 05, 2018 18:41:40
Attachment 1: _Cover Letter.pdf
Attachment 2: 01. Form of Confidential Offering Memorandum.docx

---

Hi all,

Further to Malle's email below, please find attached the cover letter and OM. I will follow up with separate emails for the remaining documents. Malle, if you could confirm once you receive all six emails and the following documents, it would be much appreciated:

1. Cover Letter
2. Offering Memorandum
3. Investor Presentation
4. Term Sheet
5. Senior Supplemental Indenture (with blackline)
6. Subordinated Supplemental Indenture (with blackline)
7. Junior Subordinated Supplemental Indenture (with blackline)

Thanks,
Brett

Brett Saulnier

On Jan 5, 2018, at 3:13 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Nina

I am having trouble receiving the email with the attachments because the attachments are large. Is it possible for you to resend the attachments in separate emails? Sorry about that and would appreciate it so I can review.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina
Sent: Friday, January 5, 2018 17:04
To: Mayman, Gadi (OFA); Thompson, Scott (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); McLean, David (MOF); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: 'John Lee (john.s.lee@opg.com)'; 'Ken Ryfa (ken.ryfa@opg.com)'; 'WONG Leslie -LAWDIV'; LADAK Lubna -TREASURY; Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Dost, Mitchell; Olusoga, Yinka
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

All – just to clarify - we appreciate the Province will be reviewing the draft OM and may have comments on the disclosure which we would be happy to discuss once you have had a chance to review. Thanks,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com[torys.com]<http://www.torys.com[torys.com]>
[Torys LLP]<http://www.torys.com[torys.com]>

From: Mansoori, Nina
Sent: January-05-18 4:55 PM
To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Scott.Thompson@ontario.ca' <Scott.Thompson@ontario.ca>; 'Anna.Strathy@ofina.on.ca' <Anna.Strathy@ofina.on.ca>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; 'David.McLean@ontario.ca' <David.McLean@ontario.ca>; 'Jonathan.Tekle@ontario.ca' <Jonathan.Tekle@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'Ken.Kandeepan@ofina.on.ca' <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; 'tim.christine@ontario.ca' <tim.christine@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries
Importance: High

All,

Reference is made to the Change of Law Process Agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the Province") and Ontario Power Generation Inc. ("OPG") to be dated as of December 21, 2017 (the "Change of Law Process Agreement"). All capitalized terms used and not defined in this email shall have their respective meanings in the Change of Law Process Agreement.

On behalf of OPG, we have hand-delivered today to the Ministers and the Deputy Ministers the forms of Transaction Documents set out in the attached cover letter. For ease of reference, we also attach these documents here and attach blacklines to the last versions of the term supplemental indentures circulated to you. If you would like a blackline of any other Transaction Document, please send us the version you reviewed last.

We consider these forms settled other than:

· There is one change that has been proposed by the dealers, and which is under discussion, that will impact the term supplemental indentures and will necessitate some additional disclosure to the term sheet. The dealers have advised that following a Principal Payment Date (i.e. the date on which all amounts owing under the notes are expected to be repaid in full), it would be typical for the interest payment dates to accelerate to monthly (instead of semi-annually). Once the dealers and OPG have an opportunity to discuss and come to an agreement on this point next week, the necessary changes to reflect this will be made to the term supplemental indentures and the term sheet

· there are still some bullets in these documents which will be addressed closer to closing (including dates, pricing information and the names of all of the Agents)

· we expect there will be some minor clean up to the OM (including making sure all of our cross-references are correct and that the glossary picks up all defined terms).

Please let us know if you have any questions.

Best Regards,
Nina
P. 416.865.7332

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P. 416.865.7332

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

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Le présent courriel et les documents qui y sont joints sont exclusivement réservés à l'utilisation des destinataires concernés et peuvent être de nature privilégiée ou confidentielle. Toute distribution, impression ou autre utilisation est interdite aux autres personnes. Si vous ne faites pas partie des destinataires concernés, veuillez en informer immédiatement l'expéditeur, ainsi que supprimer ce courriel et les documents joints de manière permanente.

TORYS LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada
P. 416.865.0040 | F. 416.865.7380
www.torys.com

Brett Saulnier
bsaulnier@torys.com
P. 416.865.8148

January 5, 2018

HAND DELIVERED

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Deputy Minister of Finance

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1

Attention: Minister of Energy
Deputy Ministry of Energy

Dear Sirs/Mesdames:

Re: Fair Hydro Plan – Deliveries under Change of Law Process Agreement

Reference is made to the Change of Law Process Agreement dated as of December 21, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have their respective meanings in the Change of Law Process Agreement.

On behalf of Ontario Power Generation Inc. and pursuant to section 2.01(b) of the Change of Law Process Agreement, please find enclosed the following Transaction Documents:

- Form of confidential shelf offering memorandum, including the form of investor presentation attached as Exhibit 1 thereto and the form of term sheet incorporated by reference therein;
- Form of Agency Agreement among, *inter alios*, Fair Hydro Trust, Ontario Power Generation Inc., CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc.;
- Form of Term Senior Supplemental Indenture between Fair Hydro Trust and BNY Trust Company of Canada;
- Form of Term Subordinated Supplemental Indenture between Fair Hydro Trust and BNY Trust Company of Canada; and

- Form of Term Junior Subordinated Supplemental Indenture between Fair Hydro Trust and BNY Trust Company of Canada.

Yours truly,

Brett Saulnier

Encl.

cc: Rima Ramchandani, *Torys LLP*
John Lee, *Ontario Power Generation Inc.*
Lubna Ladak, *Ontario Power Generation Inc.*
Leslie Wong, *Ontario Power Generation Inc.*

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This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement

January ■, 2018

FAIR HYDRO TRUST

Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms). Under the FHPA, Ontario Power Generation Inc. ("**OPG**") is appointed as financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Risk Factors"*.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this

confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the

investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 15
ONTARIO'S FAIR HYDRO PLAN 18
CHANGE OF LAW PROTECTION AGREEMENT 24
THE ISSUER 27
THE MANAGER 29
SUBORDINATED DEBT 31
SHORT TERM INDEBTEDNESS 32
THE TRANSFEROR AND SERVICER 33
CREDIT RATINGS 35
RATING AGENCY CONDITION 35
CAPITAL MARKETS PLATFORM 36
DESCRIPTION OF NOTES 59
DEPOSITORY SERVICES 62
PLAN OF DISTRIBUTION 63
RISK FACTORS 64
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 76
LANGUAGE OF DOCUMENTS 79
RESTRICTIONS ON RESALE 79
REPORTING REQUIREMENTS 80
STATUTORY RIGHTS OF ACTION 80
INDENTURE TRUSTEE 91
LEGAL MATTERS 91
GLOSSARY 92
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 103
EXHIBIT 1 – INVESTOR PRESENTATION 104

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"* and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"* and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Ontario's Fair Hydro Plan:	On March 2, 2017, the Province of Ontario announced its Fair Hydro Plan, proposing to lower the average electricity bill for certain eligible customers. On June 1, 2017, the Ontario government passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"), legislation that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms). From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[1] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") for that period. Under the FHPA, OPG is appointed as financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations. The Issuer is a Financing Entity under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.

[1] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market. Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the right to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.
Clean Energy Adjustment:	The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager and will be converted by the OEB into a $/kWh rate and added to the electricity invoices sent to Specified Consumers. See *"— Statutory Duties of the OEB"* below. The required Clean Energy Adjustment is an amount determined by the Financial Services Manager for each month in a Reference Period (which is generally a six-month period, subject to more frequent determinations in certain circumstances) and consists of the sum of: (i) the estimated Finance Amount in respect of the Reference Period, which includes all financing and other expenses of the Issuer for such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period. The "**True-up Amount**" is comprised of any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods plus other anticipated shortfalls. The True-up Amount accounts for historical and reasonably foreseeable differences between the required Clean Energy Adjustment amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, variations in billings due to variations in electricity consumption and amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all

Funding Obligations and other Finance Amounts have not be paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for such Reference Period.

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other carrying costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its carrying costs. Under the Regulations, "carrying costs" include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs. The amounts paid by the IESO to fund these carrying costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors

with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment after such time shall be determined without regard to the fact that such amount has become immediately due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors.

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are invoiced to recover the Clean Energy Adjustment. The rates are expressed in $/kWh and determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment in respect of the relevant period of time as determined by the Financial Services Manager by (ii) the forecast provided by the IESO of electricity consumption of Specified Consumers. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice Specified Consumers for a charge in respect of the Clean Energy

Adjustment commencing May 1, 2021, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of the Issuer, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, hold such amounts in trust for the benefit of the Issuer until deposited with the IESO and remit such amounts to the IESO for the benefit of the Issuer. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate the payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice. It is a deemed condition of their distribution license that Electricity Vendors comply with the FHPA.

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See *"The Manager"*.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on

	behalf of the Issuer and any other Financing Entities. Subject to OEB approval, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See *"The Manager"*.
Statutory and Servicing Duties of the IESO:	Following the Moratorium Period, the IESO is required, as agent of the Issuer, to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of the Issuer and remit such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances. In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including forecasting electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to the Issuer and fulfilling certain additional reporting requirements. Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*
Change of Law Protection Agreement:	Pursuant to the Change of Law Protection Agreement in favour of the Issuer and the Indenture Trustee, upon a Protection Event, the Province of Ontario is required to make payments in respect of all "Approved Obligations" under the Change of Law Protection Agreement and which includes payments in respect of the Notes. Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer, including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years and which are not terminable by the Issuer on less than three years' notice and on payment by the Issuer of an amount equal to or less than $5,000,000.
Protection Event:	Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement: (a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under or in connection with, the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Province of Ontario, an official of the government or board or commission appointed by the Lieutenant Governor in Council makes or amends any regulation; or

(v) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or any entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (a) to (e) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event is referred to as the "**Limited Guarantee**". Upon paying amounts in respect of Approved Obligations, including the Senior Notes, the Province of Ontario will have a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee prior to the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect for as long as any Senior Notes remain outstanding.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant or representation of OPG to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the

Limited Guarantee; or (iii) if the Financial Services Manager is no longer the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall cease to apply only in respect of obligations incurred by the Issuer and certain material amendments of outstanding obligations of the Issuer, in each case following delivery of a Suspension Notice.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension if the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**") in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether Funding Obligations should be incurred by the Issuer or other Financing Entities and having regard to certain principles, including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current

	Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024. Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes. The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.
Subordinated Debt:	Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes. Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.

Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of carrying costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay carrying costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering. See "*Capital Markets Platform — Security*".
Priority of Payments:	Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts

available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see "*Warehouse Facilities*");
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then

subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);

- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103).

By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.

Book-Entry Form: The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in

	accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers

and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of Electricity Vendors.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as

applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:

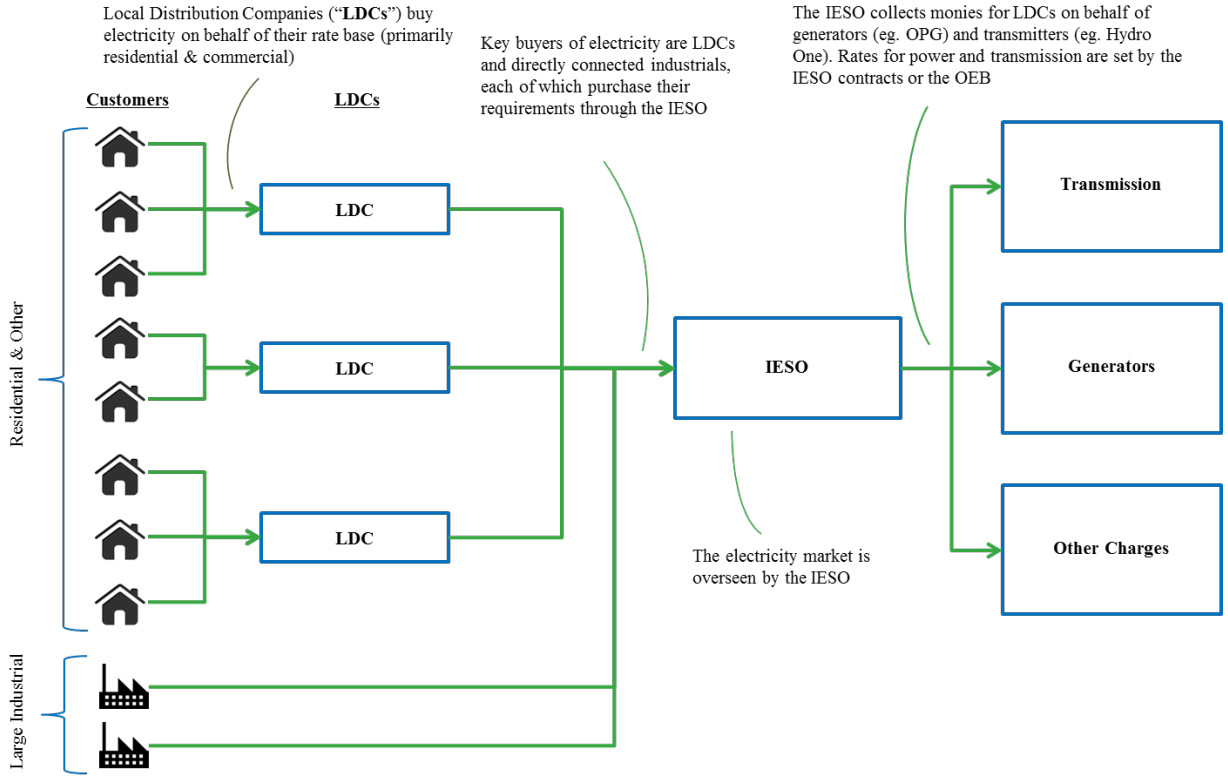

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the hourly Ontario energy price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO on an hourly basis based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is also paid by loads. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of

market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all loads with a peak demand under 500 kW (in other words, all Specified Consumers), the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices for residential and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in the previous period. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[2] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming

[2] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one of more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account. The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The IESO may transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover all its costs of such financing. While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and the Issuer's interest therein, an "**Investment Interest**"). The Investment Interest consists of, among other things:

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount payable by Specified Consumers to cover the cost of financing the shortfall that results from the Fair Adjustment. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" for a Reference Period is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the Reference Period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the Reference Period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer that are paid or payable during the Reference Period;

(iv) payments required to be made in respect of any derivative agreements during the Reference Period;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) fees, including fees charged by the Financial Services Manager, charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA that are paid or payable during the Reference Period; and

(vii) taxes paid or payable by the Issuer as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that are paid or payable during the Reference Period;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the Reference Period;

(ii) amounts received during the Reference Period in respect of funding rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the Reference Period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the Reference Period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the Reference Period;

(vi) amounts received by the Issuer as a refund of tax during the Reference Period; and

(c) subtracting the sum calculated under (a) from the sum calculated under (b).

The Clean Energy Adjustment will also take into account a true-up comprised of any Finance Amounts not previously received in respect of the Clean Energy Adjustment plus other anticipated shortfalls (the "**True-up Amount**"). The True-up Amount accounts for historical and reasonably foreseeable differences between the required Clean Energy Adjustment and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, variations in billings due to variations in electricity consumption and amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a $/kWh amount and determined by the OEB by dividing (i) the Clean Energy Adjustment in respect of the relevant period of time provided by the Financial Services Manager by (ii) the forecast electricity consumption provided by the IESO of Specified Consumers in respect of the period. Electricity Vendors are required to invoice Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the Issuer, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, hold such amounts in trust for the benefit of the Issuer until deposited with the IESO and remit such amounts to the IESO for the benefit of the Issuer. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate the payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice. It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA. If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to the Issuer during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other carrying costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

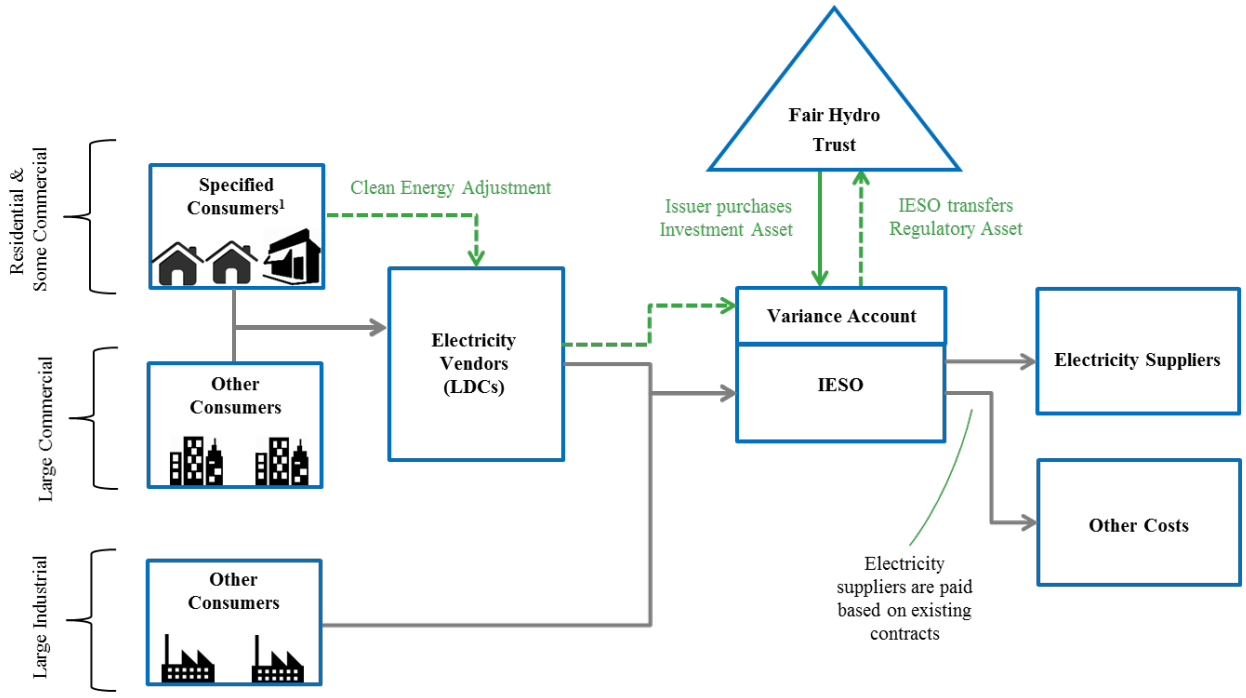

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers. Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of any Funding Obligations and the Fair Allocation Amount may be changed from time to time, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024. Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its "carrying costs". "Carrying costs" include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes). The amounts paid by the IESO to fund these carrying costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister

of Energy or the Ontario government, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the Issuer and the Indenture Trustee, upon a Protection Event, the Province of Ontario is required to make payments in respect of all Approved Obligations when due and payable. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event is referred to as the "**Limited Guarantee**". In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under or in connection with, the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Province of Ontario, an official of the government or board or commission appointed by the Lieutenant Governor in Council makes or amends any regulation; or

(v) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or any entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (a) to (e) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The priority of payments made by the Province of Ontario under the Change of Law Protection Agreement is governed by the Master Trust Indenture. Upon paying amounts in respect of the Approved Obligations, the Province of Ontario will have a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations; and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any refinancing of a Certified Primary Obligation, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee prior to the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect for as long as any Senior Notes remain outstanding.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be

considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such refinancing.

A "**Pre-Approved Refinancing**" means a refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document to which the Limited Guarantee applies and which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to

conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a

taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

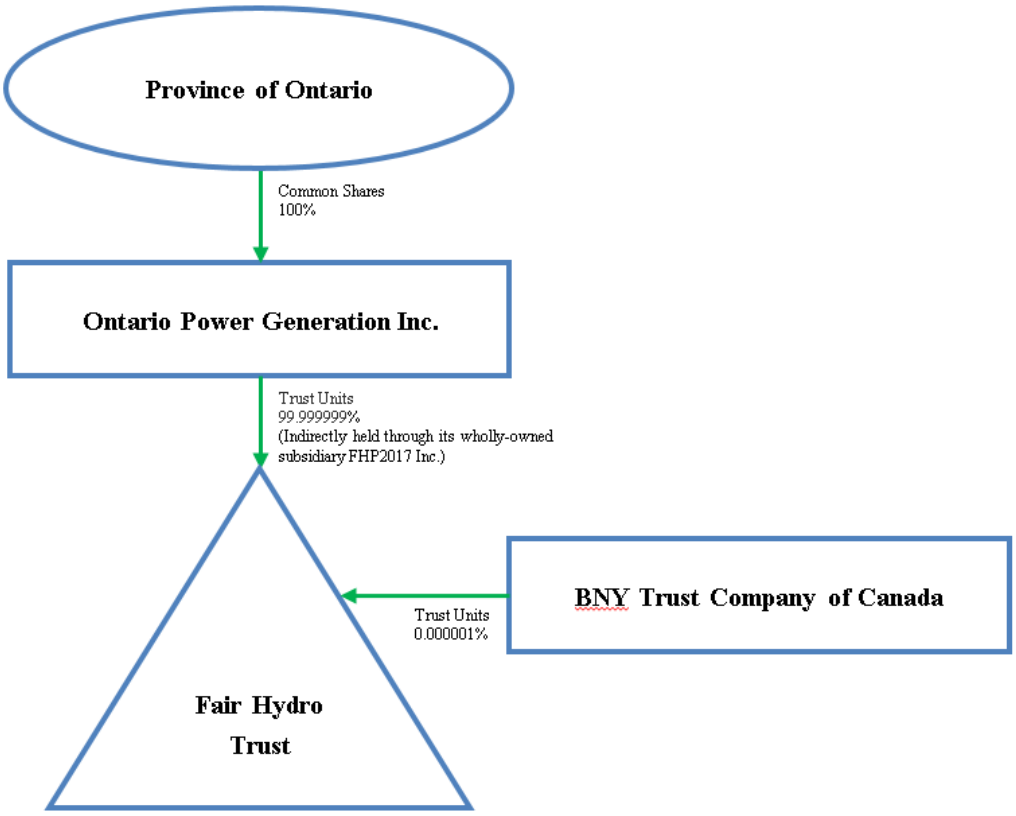

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors − Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or carrying costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate

outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

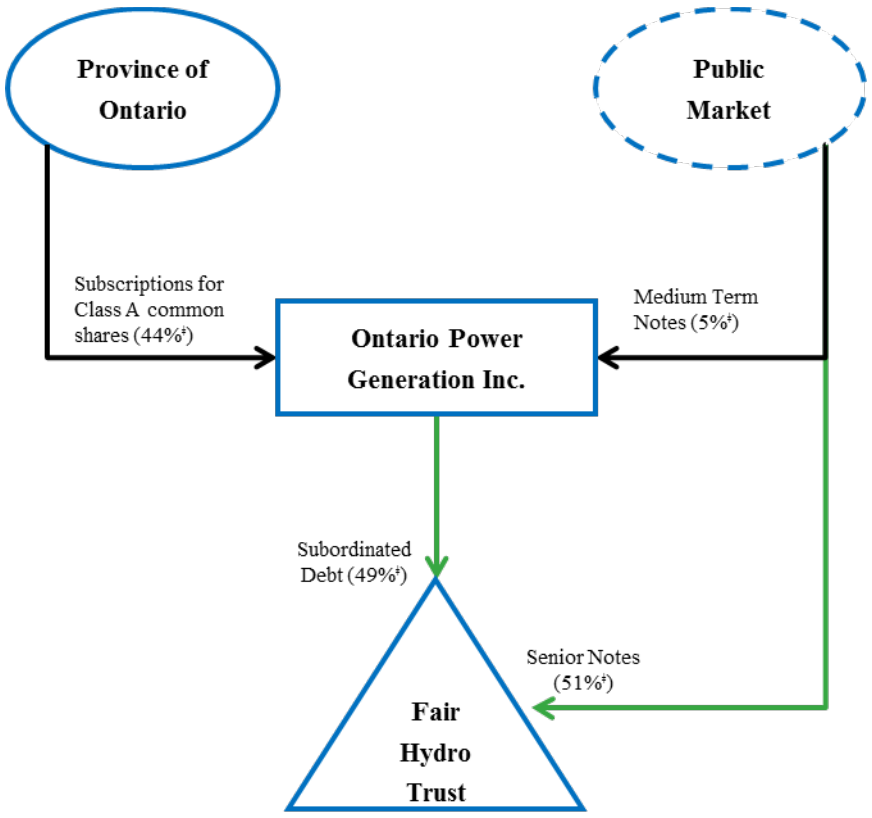

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable

funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's carrying costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its carrying costs. Under the Regulations "carrying costs" include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes. Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs.

As security for the performance of its obligation to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these carrying costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the

proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);

- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and

- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated

Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be

credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has an been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province of Ontario pursuant to the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will not be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "*— Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on

such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "*— Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve

Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the

funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in the any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of

the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "*— Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by

conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel of external counsel, each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal

amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;
- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;
- a reduction in the amount of a discount note payable upon its acceleration;
- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;
- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;
- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or
- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or

powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts

will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;

- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;

- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;

- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;

- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;

- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;

- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

- any events of default with respect to such Series or Tranche of Senior Notes;

- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;

- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date

for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants

with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not

be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit were successful, it would likely be a Protection Event and the provisions of the Change of Law Protection Agreement would apply. See *"Change of Law Protection Agreement"*. If such successful lawsuit was not, however, a Protection Event, and an invalidation of any relevant underlying legislative or regulatory provision were to result, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Province of Ontario shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a

referendum or initiative process by which the FHPA may be amended or revoked. Therefore, the only way for such provisions of the FHPA to be amended or revoked would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment or revocation. Any such action that materially and adversely effects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay its obligations under the Senior Notes would be subject to the Change of Law Protection Agreement. See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available. As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other carrying costs, solely upon the IESO who is obligated under the Regulations to pay these carrying costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's carrying costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs. ***[NTD: IESO credit facility description to be confirmed.]*** There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other carrying costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other carrying costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of carrying costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of carrying costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other carrying costs, solely upon the IESO who is obligated under the Regulations to pay these carrying costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal

payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting

and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the FHPA, the IESO is required to forecast electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers. If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment. The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these

provisions of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantee of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See "*Rating Agency Condition*".

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and

the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is

delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its

previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating

the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

(i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

(ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

(i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

(ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether Funding Obligations should be incurred for the purposes of acquiring Investment Interests, including any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as

applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indentures and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied

for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

From: Saulnier, Brett [bsaulnier@torys.com]
To: Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Scott Thompson (CAB) [Scott.Thompson@ontario.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; David McLean (MOF) [David.McLean@ontario.ca]; Jonathan Tekle (CAB) [Jonathan.Tekle@ontario.ca]; Thouin, Alena (ENERGY) [Alena.Thouin@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Steen Hume (CAB) [Steen.Hume@ontario.ca]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; John Lee (john.s.lee@opg.com) [john.s.lee@opg.com]; Ken Ryfa (ken.ryfa@opg.com) [ken.ryfa@opg.com]; WONG Leslie -LAWDIV [leslie.wong@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]; 'ASHBOURNE, STEPHEN' [STEPHEN.ASHBOURNE@blakes.com]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]
CC: Mansoori, Nina [nmansoori@torys.com]
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 4/6)
Date: Friday, January 05, 2018 18:42:42
Attachment 1: 05. Form of Senior Supplemental Indenture.docx
Attachment 2: 06. Blackline_Senior Supplemental Indenture.pdf

---

Email 4/6: Term Supplemental Indenture

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 5:13 PM

To: Mansoori, Nina <nmansoori@torys.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY

<lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Re: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Hi Nina

I am having trouble receiving the email with the attachments because the attachments are large. Is it possible for you to resend the attachments in separate emails? Sorry about that and would appreciate it so I can review.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Mansoori, Nina

Sent: Friday, January 5, 2018 17:04

To: Mayman, Gadi (OFA); Thompson, Scott (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); McLean, David (MOF); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: 'John Lee (john.s.lee@opg.com)'; 'Ken Ryfa (ken.ryfa@opg.com)'; 'WONG Leslie -LAWDIV'; LADAK Lubna -TREASURY; Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Dost, Mitchell; Olusoga, Yinka

Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

All – just to clarify - we appreciate the Province will be reviewing the draft OM and may have comments on the disclosure which we would be happy to discuss once you have had a chance to review. Thanks,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada |

www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=a_6s5ZRHsmiwd9DlE0WH1QwZNjQbkWwCkiAkqm2PlEs&s=zd-FA4zaSH-jfDIZZl7h-6B8pebBUawLWy04inSTQ-c&e= >

[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=a_6s5ZRHsmiwd9DlE0WH1QwZNjQbkWwCkiAkqm2PlEs&s=zd-FA4zaSH-jfDIZZl7h-6B8pebBUawLWy04inSTQ-c&e= >

From: Mansoori, Nina

Sent: January-05-18 4:55 PM

To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Scott.Thompson@ontario.ca' <Scott.Thompson@ontario.ca>; 'Anna.Strathy@ofina.on.ca' <Anna.Strathy@ofina.on.ca>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; 'David.McLean@ontario.ca' <David.McLean@ontario.ca>; 'Jonathan.Tekle@ontario.ca' <Jonathan.Tekle@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'Ken.Kandeepan@ofina.on.ca' <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; 'tim.christine@ontario.ca' <tim.christine@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Importance: High

All,

Reference is made to the Change of Law Process Agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the Province") and Ontario Power Generation Inc. ("OPG") to be dated as of December 21, 2017 (the "Change of Law Process Agreement"). All capitalized terms used and not defined in this email shall have their respective meanings in the Change of Law Process Agreement.

On behalf of OPG, we have hand-delivered today to the Ministers and the Deputy Ministers the forms of Transaction Documents set out in the attached cover letter. For ease of reference, we also attach these documents here and attach blacklines to the last versions of the term supplemental indentures circulated to you. If you would like a blackline of any other Transaction Document, please send us the version you

reviewed last.

We consider these forms settled other than:

· There is one change that has been proposed by the dealers, and which is under discussion, that will impact the term supplemental indentures and will necessitate some additional disclosure to the term sheet. The dealers have advised that following a Principal Payment Date (i.e. the date on which all amounts owing under the notes are expected to be repaid in full), it would be typical for the interest payment dates to accelerate to monthly (instead of semi-annually). Once the dealers and OPG have an opportunity to discuss and come to an agreement on this point next week, the necessary changes to reflect this will be made to the term supplemental indentures and the term sheet

· there are still some bullets in these documents which will be addressed closer to closing (including dates, pricing information and the names of all of the Agents)

· we expect there will be some minor clean up to the OM (including making sure all of our cross-references are correct and that the glossary picks up all defined terms).

Please let us know if you have any questions.

Best Regards,

Nina

P. 416.865.7332

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TERM

SENIOR SERIES 2018-1 SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF DECEMBER 21, 2017

AND PROVIDING FOR THE ISSUE OF
●% SENIOR NOTES DUE ●, SERIES 2018-1
OF FAIR HYDRO TRUST

Made as of ●, 2018

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2018-1 SENIOR NOTES 2
2.1 Creation of Series 2018-1 Senior Notes 2
2.2 Principal Terms 2
2.3 Delivery 3
2.4 Payment of Interest 3
2.5 Payment of Principal 4
2.6 Redemption and Repurchase 4
2.7 Indemnification by the Issuer 4
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2018-1 Senior Notes 6
2.10 Delivery to Depository 6
2.11 Acceleration Events 6

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 7
3.1 Representations and Warranties of the Issuer 7
3.2 Survival 7

ARTICLE 4 GENERAL 7
4.1 Acceptance of Trust 7
4.2 Confirmation of Trust Indenture 7
4.3 Indenture Trustee Not Bound to Act 8
4.4 Successor and Assigns 8
4.5 Specified Creditors 8
4.6 Waiver 8
4.7 Notice 8
4.8 No Waiver: Remedies 9
4.9 Entire Agreement 9
4.10 Governing Law and Attornment 9
4.11 Expenses 9
4.12 Further Assurances 9
4.13 Limitation of Liability of Issuer Trustee 9
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

●% SENIOR NOTES DUE ●, SERIES 2018-1

THIS SENIOR NOTES SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2018, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the "**Indenture Trustee**").

WHEREAS pursuant to the Trust Indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee (as amended or restated from time to time, the "**Trust Indenture**"), provision was made for the issuance of Senior Notes from time to time in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Senior Notes designated as the ●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**");

AND WHEREAS the foregoing recitals are made as statements of fact by the Issuer and not by the Indenture Trustee.

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2018-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2018-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2018-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2018-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2018-1 SENIOR NOTES

2.1 Creation of Series 2018-1 Senior Notes

There is hereby created a Series of Senior Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●% Senior Notes due ●, Series 2018-1.**"

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2018-1 Senior Notes will:

(a) be designated as set out in Section 2.1;

(b) be Senior Notes;

(c) not be divided into Tranches;

(d) be unlimited in principal amount but initially will have a Stated Principal Amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2018-1 Senior Notes may be increased after the date hereof without the consent of any Series 2018-1 Noteholder or any holder of any Notes of any other Class, Series or Tranche, but subject to satisfaction of the Rating Agency Condition;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued as a Registered Note in minimum denominations of $150,000 and integral multiples of 1,000;

(h) be issued in the form of a Global Note and the depository thereof shall be the Canadian Depository;

(i) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(j) bear interest at a rate of ●% per annum;

(k) accrue interest from the later of: (i) ●, 2018 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Series 2018-1 Senior Notes;

(l) have interest paid in equal semi-annual instalments (except the initial interest payment) on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing with the Payment Date occurring in the month of April, 2018 in respect of the Series 2018-1 Senior Notes issued prior to such date;

(m) subject to the occurrence of an Acceleration Event, mature on, and have ●, 20●, as their sole Principal Payment Date with a principal payment amount on such Principal Payment Date equal to the then Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes;

(n) have ●, 20● as their Principal Payment Default Date;

(o) subject to the occurrence of an Acceleration Event, have ●, 20● as their Principal Accumulation Date;

(p) subject to the occurrence of an Acceleration Event, have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Dates	**Principal Accumulation Amounts**
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●

(q) after the occurrence of an Acceleration Event and for so long as it continues, each Payment Date shall be a Principal Payment Date in respect of the Series 2018-1 Senior Notes and the full Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date;

(r) have a Record Date for each Interest Payment Date that is the last day of the calendar month preceding each Interest Payment Date; and

(s) be redeemable and subject to repurchase as provided in Section 2.6 below.

2.3 Delivery

On the date of issuance of the Series 2018-1 Senior Notes, Series 2018-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any Taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2018-1 Senior Notes) will on each Interest Payment Date, make payment

of such interest, less any Taxes required by law to be deducted or withheld, by wire transfer to each Series 2018-1 Noteholder as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2018-1 Senior Note to the extent of the sum represented thereby (plus the amount of any Taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of Series 2018-1 Noteholders on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2018-1 Senior Notes to the extent of the sum represented thereby.

2.6 Redemption and Repurchase

(a) At its option, at any time prior to the Par Call Date, the Issuer may redeem the Series 2018-1 Senior Notes in whole or, from time to time, in part, on payment of a Redemption Price equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2018-1 Redemption Date. At any time on or after the Par Call Date, the Issuer may redeem the Series 2018-1 Senior Notes in whole or, from time to time, in part, on payment of a Redemption Price equal to par, together with accrued and unpaid interest to the Series 2018-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption, and will provide a copy of such notice to DBRS and Moody's upon the issuance thereof. Less than all of the Series 2018-1 Senior Notes may be redeemed, if so redeemed, in accordance with Section 4.10 of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2018-1 Senior Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Less than all of the Series 2018-1 Senior Notes may be purchased, if so purchased, for cancellation in accordance with Section 4.11 of the Trust Indenture.

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2018-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of: (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability,

expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section 7.04 or Section 8.13 of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes

obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 2.8(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2018-1 Senior Notes

On or prior to the initial issuance of Series 2018-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 3.1 of this Supplemental Indenture shall be true and correct in all material respects, and the Issuer shall be in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party.

(c) The Series 2018-1 Senior Notes shall have been rated **[AAA(sf)]** by DBRS and **[Aa2(sf)]** by Moody's.

(d) The Indenture Trustee shall have received (i) the Adherence Compliance Certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

2.10 Delivery to Depository

Promptly following the issuance of the Series 2018-1 Senior Notes, the Global Note representing such Notes shall be delivered to the Canadian Depository (or as it may direct) for deposit into its book-based system for the benefit of the Note Owners of such Notes.

2.11 Acceleration Events

If a Series 2018-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02(a) of the Trust Indenture, the Series 2018-1 Noteholders may by Ordinary Resolution (with notice of such Ordinary Resolution being provided to the Issuer and the Indenture Trustee) determine to declare the Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable,

notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary. The Issuer shall give prompt written notice to DBRS and Moody's of the occurrence of an Acceleration Event.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2018-1 Noteholder that:

(a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

The representations and warranties set out in this Article 3 shall survive the execution hereof.

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

The Indenture Trustee accepts the trusts in this Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Supplemental Indenture and in accordance with the Trust Indenture.

4.2 Confirmation of Trust Indenture

The Trust Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

4.3 Indenture Trustee Not Bound to Act

The Indenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Indenture Trustee, in its sole judgment, acting reasonably, determines that such act may cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline. Further, should the Indenture Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Supplemental Indenture has resulted in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline, then it shall have the right to resign pursuant to the terms of Section 9.07 of the Trust Indenture, provided that (i) the Indenture Trustee's written notice of resignation shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2018-1 Noteholders) hereby acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments to be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2018-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2018-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given, in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

4.11 Expenses

The Issuer agrees to pay on demand to the Indenture Trustee: (a) all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture; (b) all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and (c) all reasonable costs and expenses (including reasonable fees and expenses of counsel), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with

wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2018-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by facsimile or other electronic transmission of a manually signed counterpart.

4.15 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes and all interest accrued and unpaid thereon is declared to be due and payable under Section 2.11.

"**AEOI Legislation**" has the meaning specified in Section 2.8(a).

"**Excluded Taxes**" has the meaning specified in Section 2.8(a).

"**FATCA**" has the meaning specified in Section 2.8(a).

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes to be redeemed, the yield from the Series 2018-1 Redemption Date to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to the Par Call Date (calculated from the Series 2018-1 Redemption Date), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

"**Indenture Trustee**" has the meaning specified in the recitals of this Supplemental Indenture.

"**Interest Payment Date**" has the meaning specified in Section 2.2(l).

"**Issuer**" has the meaning specified in the recitals of this Supplemental Indenture.

"**Issuer Indemnified Person**" has the meaning specified in Section 2.7.

"**Par Call Date**" means ●, 20●.

"**Recipient**" has the meaning specified in Section 2.8(a).

"**Requisite Series 2018-1 Noteholders**" means Series 2018-1 Noteholders holding, in aggregate, at least 50% of the Series 2018-1 Senior Notes then Outstanding.

"Series 2018-1 Canada Yield Price" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2018-1 Redemption Date specified in the notice of redemption delivered pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture, plus ●%.

"**Series 2018-1 Event of Default**" means any one of the following events (whatever the reason for such Series 2018-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2018-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2018-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 3.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2018-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2018-1 Event of Default), and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period; or

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Senior Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations.

"**Series 2018-1 Noteholder**" means a Person in whose name a Series 2018-1 Senior Note is registered in the Note Register.

"**Series 2018-1 Redemption Date**" means a date fixed for redemption of the Series 2018-1 Senior Notes pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture.

"**Series 2018-1 Senior Note**" means any one of the Series 2018-1 Senior Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

"**Supplemental Indenture**" means this Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Termination Event**" means any Acceleration Event or Series 2018-1 Event of Default, or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2018-1 Event of Default.

"**Trust Indenture**" has the meaning specified in the recitals of this Supplemental Indenture.

SCHEDULE B

FORM OF SERIES 2018-1 SENIOR NOTE

[FOR GLOBAL NOTES ONLY: THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE TRUST INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF CDS & CO. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO FAIR HYDRO TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.]

EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — *RESALE OF SECURITIES*, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LAWS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY.

FAIR HYDRO TRUST

(A trust established under the laws of the Province of Ontario)

No. ● $●

CUSIP: ●

ISIN: ●

GLOBAL NOTE
●% SENIOR NOTE DUE ●, SERIES 2018-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017, for value received, hereby promises to pay the principal sum of $● to the registered holder hereof on ●, 20● (the "**Principal Payment Date**") or on such earlier date as the principal amount hereof may become due, in accordance with the provisions set forth in the Trust Indenture and the Supplemental Indenture. The Issuer will pay interest on the outstanding principal amount of this Series 2018-1 Senior Note in accordance with Section 2.4 of the Supplemental Indenture on each Interest Payment Date (as defined below) at the rate of ●% per annum in equal semi-annual instalments on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing on April ●, 2018 (provided that the initial interest payment payable on April ●, 2018 will be in an aggregate amount equal to $● per $1,000 principal amount) until the principal of this Series 2018-1 Senior Note is paid or made available for payment,

to the extent funds are available in accordance with the terms of the Supplemental Indenture. The principal of and interest on this Series 2018-1 Senior Note are payable in Canadian dollars.

Beginning on the first Payment Date following the occurrence of an Acceleration Event, the principal of this Series 2018-1 Senior Note shall be paid in full on each such Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2018-1 Senior Note shall be paid in the manner specified on the reverse hereof.

Reference is made to the further provisions of this Series 2018-1 Senior Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2018-1 Senior Note. Although a summary of certain provisions of the Trust Indenture and Supplemental Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2018-1 Senior Note does not purport to summarize the Trust Indenture and Supplemental Indenture and reference is made to the Trust Indenture and Supplemental Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. In the event that there is any inconsistency between the provisions of the Trust Indenture or Supplemental Indenture and the provisions hereof, the provisions of the Trust Indenture and Supplemental Indenture shall govern. Capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Trust Indenture and Supplemental Indenture. Copies of the Trust Indenture and Supplemental Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2018-1 Senior Note shall not be entitled to any benefit under the Trust Indenture and Supplemental Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2018-1 Senior Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: _____●, 2018

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the ●% Senior Notes due ●, Series 2018-1 described in the within-mentioned Trust Indenture and Supplemental Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, SERIES 2018-1

Summary of Terms and Conditions

This Series 2018-1 Senior Note is one of a duly authorized Series of Senior Notes of the Issuer, designated as the ●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**"), issued under a trust indenture dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Trust Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Trust Indenture), as amended and supplemented by the Senior Series 2018-1 Supplemental Indenture, dated as of ●, 2018 (the "**Supplemental Indenture**"), and representing the right to receive certain payments from the Issuer. Except as set forth in the Supplemental Indenture, the Series 2018-1 Senior Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2018-1 Senior Note and not otherwise defined herein shall have the meanings assigned to them in or pursuant to the Supplemental Indenture.

The Series 2018-1 Senior Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on April 15, 2018.

As described above, all amounts payable on maturity with respect to this Series 2018-1 Senior Note shall be due and payable on the Principal Payment Date, in accordance with Section 2.5 of the Supplemental Indenture. All principal payments of the Series 2018-1 Senior Note shall be deposited with the Indenture Trustee.

Payments of interest on this Series 2018-1 Senior Note are due and payable on each Interest Payment Date or such other date as may be specified in the Supplemental Indenture by wire transfer to each Series 2018-1 Noteholder as of the Record Date. Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

The Series 2018-1 Senior Notes are redeemable in accordance with Section 2.6 of the Supplemental Indenture and Section 4.10 of the Trust Indenture.

The Indenture Trustee (on behalf of each Series 2018-1 Noteholder), acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

The Trust Indenture and Supplemental Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Series 2018-1 Noteholders under the Trust Indenture and Supplemental Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2018-1 Senior Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2018-1 Noteholders and upon all future holders of this Series 2018-1 Senior Note and of any Series 2018-1 Senior Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2018-1 Senior Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "**the Issuer**" as used in this Series 2018-1 Senior Note includes any successor to the Issuer under the Trust Indenture.

The Series 2018-1 Senior Notes are issuable under the Book-Entry System in minimum denominations of $150,000 and integral multiple of $1,000. The right of beneficial holders of this Series 2018-1 Senior Note to receive fully registered definitive note certificates is restricted. The Series 2018-1 Senior Notes of any authorized denomination may be exchanged, as provided in the Trust Indenture, for Series 2018-1 Senior Notes of an equal aggregate principal amount in any other authorized denomination or denominations.

This Series 2018-1 Senior Note, the Trust Indenture and Supplemental Indenture, and all matters arising out of or relating to this Series 2018-1 Senior Note, the Trust Indenture or Supplemental Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and Supplemental Indenture and no provision of this Series 2018-1 Senior Note or of the Trust Indenture and Supplemental Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2018-1 Senior Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar

TERM

SENIOR SERIES ~~[~~2018-1~~]~~ SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF DECEMBER ~~●,~~21, 2017

AND PROVIDING FOR THE ISSUE OF
●% SENIOR NOTES DUE ●, SERIES 2018-1
OF FAIR HYDRO TRUST

Made as of ●, 2018

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2018-1 SENIOR NOTES 2
2.1 Creation of Series 2018-1 Senior Notes 2
2.2 Principal Terms 2
2.3 Delivery ~~4~~**3**
2.4 Payment of Interest ~~4~~**3**
2.5 Payment of Principal 4
2.6 ~~[~~Redemption and Repurchase 4
2.7 Indemnification by the Issuer ~~5~~**4**
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2018-1 Senior Notes 6
2.10 **Delivery to Depository** **6**
2.11 Acceleration Events ~~7~~**6**

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 7
3.1 Representations and Warranties of the Issuer 7
3.2 Survival 7

ARTICLE 4 GENERAL ~~8~~**7**
4.1 Acceptance of Trust ~~8~~**7**
4.2 Confirmation of Trust Indenture ~~8~~**7**
4.3 Indenture Trustee Not Bound to Act 8
4.4 Successor and Assigns 8
4.5 Specified Creditors 8
4.6 Waiver 8
4.7 Notice ~~9~~**8**
4.8 No Waiver: Remedies 9
4.9 Entire Agreement 9
4.10 Governing Law and Attornment 9
4.11 Expenses 9
4.12 Further Assurances 9
4.13 Limitation of Liability of Issuer Trustee ~~10~~**9**
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

TABLE OF CONTENTS
(continued)

Page

●% SENIOR NOTES DUE ●, SERIES 2018-1

THIS SENIOR NOTES SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2018, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the "**Indenture Trustee**").

WHEREAS pursuant to the Trust Indenture dated as of December ~~●,~~ **21,** 2017 between the Issuer and the Indenture Trustee (as amended or restated from time to time, the "**Trust Indenture**"), provision was made for the issuance of Senior Notes from time to time in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Senior Notes designated as the ●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**");

AND WHEREAS the foregoing recitals are made as statements of fact by the Issuer and not by the Indenture Trustee.

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2018-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2018-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2018-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2018-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2018-1 SENIOR NOTES

2.1 Creation of Series 2018-1 Senior Notes

There is hereby created a Series of Senior Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●% Senior Notes due ●, Series 2018-1.**"

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2018-1 Senior Notes will:

(a) be designated as set out in Section 2.1;

(b) be Senior Notes;

(c) not be divided into Tranches;

(d) be unlimited in principal amount but initially will have a Stated Principal Amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2018-1 Senior Notes may be increased after the date hereof without the consent of any ~~holder of~~ Series 2018-1 ~~Senior Notes~~**Noteholder** or any holder of any Notes of any other Class, Series or Tranche, but subject to satisfaction of the Rating Agency Condition;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued **as a Registered Note in minimum denominations of $150,000 and integral multiples of 1,000;**

(h) **be issued** in the form of a Global Note and the depository thereof shall be the Canadian Depository;

(i) ~~(h)~~ be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(j) ~~(i)~~ bear interest at a rate of ●% per annum;

(k) ~~(j)~~ accrue interest from the later of: (i) ●, 2018 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Series 2018-1 Senior Notes;

(l) ~~(k)~~ have interest paid in equal semi-annual instalments ~~[~~(except the initial interest payment)~~]~~ on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing with the Payment Date occurring in the month of ~~[~~April~~]~~, 2018 in respect of the Series 2018-1 Senior Notes issued prior to such date;

(m) ~~(l)~~ subject to the occurrence of an Acceleration Event, mature on, and have ●, 20●, as their sole Principal Payment Date with a principal payment amount on such Principal Payment Date equal to the then Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes;

(n) ~~(m)~~ have ●, 20● as their Principal Payment Default Date;

(o) ~~(n)~~ subject to the occurrence of an Acceleration Event, have ●, 20● as their Principal Accumulation Date;

(p) ~~(o)~~ subject to the occurrence of an Acceleration Event, have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Dates	Principal Accumulation Amounts
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●

(q) ~~(p)~~ after the occurrence of an Acceleration Event and for so long as it continues, each Payment Date shall be a Principal Payment Date in respect of the Series 2018-1 Senior Notes and the full Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date;

(r) ~~(q)~~ have a Record Date for each Interest Payment Date that is the last day of the calendar month preceding each Interest Payment Date; **and**

(s) ~~(r) [~~be redeemable and subject to repurchase as provided in Section 2.6 below~~]; and(s) [not be subject to defeasance as contemplated by Section 2.08 of the Trust Indenture] [be subject to defeasance in accordance with Section 2.08 of the Trust Indenture]~~.

2.3 Delivery

On the date of issuance of the Series 2018-1 Senior Notes, Series 2018-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any ~~taxes~~**Taxes** required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2018-1 Senior Notes) will on each Interest Payment Date, make payment of such interest, less any ~~taxes~~**Taxes** required by law to be deducted or withheld, by wire transfer to each ~~holder of a~~ Series 2018-1 ~~Senior Note~~**Noteholder** as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2018-1 Senior Note to the extent of the sum represented thereby (plus the amount of any ~~taxes~~**Taxes** deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a **Series 2018-1** Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order ~~of holders~~ of Series 2018-1 ~~Senior Notes~~**Noteholders** on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2018-1 Senior Notes to the extent of the sum represented thereby.

2.6 ~~[~~Redemption and Repurchase

~~[NTD: Redemption features to be discussed.]~~

(a) At its option, at any time prior to ~~●, 20●~~ ~~[par call date]~~**the Par Call Date**, the Issuer may redeem the Series 2018-1 Senior Notes in whole or, from time to time, in part, on payment of a ~~redemption price~~**Redemption Price** equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2018-1 Redemption Date. At any time on or after ~~●, 20●~~ ~~[par call date]~~**the Par Call Date**, the Issuer may redeem the Series 2018-1 Senior Notes in whole or, from time to time, in part, on payment of a ~~redemption price~~**Redemption Price** equal to par, together with accrued and unpaid interest to the Series 2018-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption, and will provide a copy of such notice to DBRS **and Moody's** upon the issuance thereof. Less than all of the Series 2018-1 Senior Notes may be redeemed, if so redeemed, in accordance with Section 4.10 of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2018-1 Senior Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Less than all of the Series 2018-1 Senior Notes may be purchased, if so purchased, for cancellation in accordance with Section 4.11 of the Trust Indenture.

~~(c) The Series 2018-1 Senior Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].~~

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2018-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of: (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section 7.04 or Section 8.13 of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts

specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 2.8(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2018-1 Senior Notes

On or prior to the initial issuance of Series 2018-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The representations and warranties set forth in Section **12.01 of the Trust Indenture and Section** 3.1 of this Supplemental Indenture shall be true and correct in all material respects, **and** the Issuer shall be in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party.

(c) The Series 2018-1 Senior Notes ~~will~~**shall** have been rated **[AAA(~~sp~~sf)]** by DBRS and **[~~Aaa(sp~~Aa2(sf)]** by Moody's.

(d) The Indenture Trustee shall have received (i) the Adherence Compliance Certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

2.10 Delivery to Depository

Promptly following the issuance of the Series 2018-1 Senior Notes, the Global Note representing such Notes shall be delivered to the **Canadian** Depository (or as it may direct) for deposit into its book-based system for the benefit of the Note Owners of such Notes.

2.11 Acceleration Events

If a Series 2018-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02(a) of the Trust Indenture, the Series 2018-1 Noteholders may by Ordinary Resolution (with notice of such Ordinary Resolution being provided to the Issuer and the Indenture Trustee) determine to declare the Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary. The Issuer shall give prompt written notice to DBRS **and Moody's** of the occurrence of an Acceleration Event.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2018-1 Noteholder that:

(a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

The representations and warranties set out in this Article 3 shall survive the execution hereof.

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

The Indenture Trustee accepts the trusts in this Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Supplemental Indenture and in accordance with the Trust Indenture.

4.2 Confirmation of Trust Indenture

The Trust Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

4.3 Indenture Trustee Not Bound to Act

The Indenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Indenture Trustee, in its sole judgment, acting reasonably, determines that such act may cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline. Further, should the Indenture Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Supplemental Indenture has resulted in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline, then it shall have the right to resign pursuant to the terms of Section 9.07 of the Trust Indenture, provided that (i) the Indenture Trustee's written notice of resignation shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2018-1 Noteholders) hereby acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as ~~a~~ Specified ~~Creditor~~**Creditors** are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments to be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (**The** Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (**Preservation of Information;** Communications to Specified Creditors) and Section 16.01 (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any

provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2018-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2018-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given , in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

4.11 Expenses

The Issuer agrees to pay on demand to the Indenture Trustee: (a) all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture; (b) all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and (~~iii~~**c**) all reasonable costs and expenses (including reasonable fees and expenses of counsel), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and

assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2018-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by facsimile or other electronic transmission of a manually signed counterpart.

4.15 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[~~signature~~Signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, ~~as Issuer Trustee~~in its capacity as trustee of
FAIR HYDRO TRUST, as Issuer, by ~~its Manager,~~
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Outstanding Dollar Principal Amount of the Series 2018-1 Senior Notes and all interest accrued and unpaid thereon is declared to be due and payable under Section ~~2.10~~**2.11**.

"**AEOI Legislation**" has the meaning specified in Section 2.8(a).

"**Excluded Taxes**" has the meaning specified in Section 2.8(a).

"**FATCA**" has the meaning specified in Section 2.8(a).

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes to be redeemed, the yield from the Series 2018-1 Redemption Date to ● ~~[par call date]~~**the Par Call Date**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● ~~[par call date]~~**the Par Call Date** (calculated from the Series 2018-1 Redemption Date)~~ of the Series 2018-1 Senior Notes~~, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

"**Indenture Trustee" has the meaning specified in the recitals of this Supplemental Indenture.**

"**Interest Payment Date**" has the meaning specified in Section 2.2(l).

"Issuer" has the meaning specified in the recitals of this Supplemental Indenture.

"**Issuer Indemnified Person**" has the meaning specified in Section 2.7.

"Par Call Date" means ●, 20●.

"**Recipient**" has the meaning specified in Section 2.8(a).

"**Requisite Series 2018-1 Noteholders**" means Series 2018-1 Noteholders holding, in aggregate, at least ~~[~~50~~]~~% of the Series 2018-1 Senior Notes then Outstanding.

"Series 2018-1 Canada Yield Price" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to ● ~~[par call date]~~**the Par Call Date**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third

Business Day preceding the Series 2018-1 Redemption Date specified in the notice of redemption delivered pursuant to Section 4.10 of the Trust Indenture **and Section 2.6 of this Supplemental Indenture**, plus ●%.

"**Series 2018-1 Event of Default**" means any one of the following events (whatever the reason for such Series 2018-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2018-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2018-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 3.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2018-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2018-1 Event of Default), and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period; or

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Senior Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations.

"**Series 2018-1 Noteholder**" means a Person in whose name a Series 2018-1 Senior Note is registered in the Note Register.

"**Series 2018-1 Redemption Date**" means a date fixed for redemption of the Series 2018-1 Senior Notes pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture.

"**Series 2018-1 Senior Note**" means any one of the Series 2018-1 Senior Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

"**Supplemental Indenture**" means this Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Termination Event**" means any Acceleration Event **or Series 2018-1 Event of Default,** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2018-1 Event of Default**.

"Trust Indenture" has the meaning specified in the recitals of this Supplemental Indenture.

SCHEDULE B

FORM OF SERIES 2018-1 SENIOR NOTE

[~~FORM OF NOTE~~]

~~SERIES 2018-1 SENIOR NOTE~~FOR GLOBAL NOTES ONLY: THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE TRUST INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF CDS & CO. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO FAIR HYDRO TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.]

EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — *RESALE OF SECURITIES*, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LAWS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY.

FAIR HYDRO TRUST
(A trust established under the laws of the Province of Ontario)

No. ● $●
CUSIP: ●
ISIN: ●

GLOBAL NOTE
● % SENIOR NOTE DUE ●, SERIES 2018-1

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017, for value received, hereby promises to pay the principal sum of $● to the registered holder hereof on ●, 20● (the "Principal Payment Date") or on such earlier date as the principal amount hereof may become due, in accordance with the provisions set forth in the Trust Indenture and the Supplemental Indenture. The Issuer will pay interest on the outstanding principal amount of this Series 2018-1 Senior Note in accordance with Section 2.4 of the

Supplemental Indenture on each Interest Payment Date (as defined below) at the rate of ●% per annum in equal semi-annual instalments on the Payment Dates occurring in the months of April and October in each year (each, an "Interest Payment Date") commencing on April ●, 2018 (provided that the initial interest payment payable on April ●, 2018 will be in an aggregate amount equal to $● per $1,000 principal amount) until the principal of this Series 2018-1 Senior Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental Indenture. The principal of and interest on this Series 2018-1 Senior Note are payable in Canadian dollars.

Beginning on the first Payment Date following the occurrence of an Acceleration Event, the principal of this Series 2018-1 Senior Note shall be paid in full on each such Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2018-1 Senior Note shall be paid in the manner specified on the reverse hereof.

Reference is made to the further provisions of this Series 2018-1 Senior Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2018-1 Senior Note. Although a summary of certain provisions of the Trust Indenture and Supplemental Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2018-1 Senior Note does not purport to summarize the Trust Indenture and Supplemental Indenture and reference is made to the Trust Indenture and Supplemental Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. In the event that there is any inconsistency between the provisions of the Trust Indenture or Supplemental Indenture and the provisions hereof, the provisions of the Trust Indenture and Supplemental Indenture shall govern. Capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Trust Indenture and Supplemental Indenture. Copies of the Trust Indenture and Supplemental Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2018-1 Senior Note shall not be entitled to any benefit under the Trust Indenture and Supplemental Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2018-1 Senior Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:
Name:
Title:

By:
Name:
Title:

Dated: ●, 2018

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the ●% Senior Notes due ●, Series 2018-1 described in the within-mentioned Trust Indenture and Supplemental Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, SERIES 2018-1

Summary of Terms and Conditions

This Series 2018-1 Senior Note is one of a duly authorized Series of Senior Notes of the Issuer, designated as the ●% Senior Notes due ●, Series 2018-1 (the "Series 2018-1 Senior Notes"), issued under a trust indenture dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Trust Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Trust Indenture), as amended and supplemented by the Senior Series 2018-1 Supplemental Indenture, dated as of ●, 2018 (the "Supplemental Indenture"), and representing the right to receive certain payments from the Issuer. Except as set forth in the Supplemental Indenture, the Series 2018-1 Senior Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2018-1 Senior Note and not otherwise defined herein shall have the meanings assigned to them in or pursuant to the Supplemental Indenture.

The Series 2018-1 Senior Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"Payment Date" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on April 15, 2018.

As described above, all amounts payable on maturity with respect to this Series 2018-1 Senior Note shall be due and payable on the Principal Payment Date, in accordance with Section 2.5 of the Supplemental Indenture. All principal payments of the Series 2018-1 Senior Note shall be deposited with the Indenture Trustee.

Payments of interest on this Series 2018-1 Senior Note are due and payable on each Interest Payment Date or such other date as may be specified in the Supplemental Indenture by wire transfer to each Series 2018-1 Noteholder as of the Record Date. Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

The Series 2018-1 Senior Notes are redeemable in accordance with Section 2.6 of the Supplemental Indenture and Section 4.10 of the Trust Indenture.

The Indenture Trustee (on behalf of each Series 2018-1 Noteholder), acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13

(Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

The Trust Indenture and Supplemental Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Series 2018-1 Noteholders under the Trust Indenture and Supplemental Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2018-1 Senior Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2018-1 Noteholders and upon all future holders of this Series 2018-1 Senior Note and of any Series 2018-1 Senior Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2018-1 Senior Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2018-1 Senior Note includes any successor to the Issuer under the Trust Indenture.

The Series 2018-1 Senior Notes are issuable under the Book-Entry System in minimum denominations of $150,000 and integral multiple of $1,000. The right of beneficial holders of this Series 2018-1 Senior Note to receive fully registered definitive note certificates is restricted. The Series 2018-1 Senior Notes of any authorized denomination may be exchanged, as provided in the Trust Indenture, for Series 2018-1 Senior Notes of an equal aggregate principal amount in any other authorized denomination or denominations.

This Series 2018-1 Senior Note, the Trust Indenture and Supplemental Indenture, and all matters arising out of or relating to this Series 2018-1 Senior Note, the Trust Indenture or Supplemental Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and Supplemental Indenture and no provision of this Series 2018-1 Senior Note or of the Trust Indenture and Supplemental Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2018-1 Senior Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

REGISTRATION PANEL

(No writing on this panel except by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar

Document comparison by Workshare Compare on January-05-18 11:06:41 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtemp2e5c\Fair Hydro - Term - Senior Supplemental Indenture.docx
Description	Fair Hydro - Term - Senior Supplemental Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\New folder\Senior Supplemental Indenture.docx
Description	Senior Supplemental Indenture
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	146
Deletions	79
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	225

From: Saulnier, Brett [bsaulnier@torys.com]
To: Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Scott Thompson (CAB) [Scott.Thompson@ontario.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; David McLean (MOF) [David.McLean@ontario.ca]; Jonathan Tekle (CAB) [Jonathan.Tekle@ontario.ca]; Thouin, Alena (ENERGY) [Alena.Thouin@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Steen Hume (CAB) [Steen.Hume@ontario.ca]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; John Lee (john.s.lee@opg.com) [john.s.lee@opg.com]; Ken Ryfa (ken.ryfa@opg.com) [ken.ryfa@opg.com]; WONG Leslie -LAWDIV [leslie.wong@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]; 'ASHBOURNE, STEPHEN' [STEPHEN.ASHBOURNE@blakes.com]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]
CC: Mansoori, Nina [nmansoori@torys.com]
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)
Date: Friday, January 05, 2018 18:42:05
Attachment 1: 02.Form of Investor Presentation.pdf
Attachment 2: 03. Form of Series 2018-1 Senior Notes Term Sheet.docx

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Email 2/6: Investor Presentation and Term Sheet

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 5:13 PM

To: Mansoori, Nina <nmansoori@torys.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY

<lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Re: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Hi Nina

I am having trouble receiving the email with the attachments because the attachments are large. Is it possible for you to resend the attachments in separate emails? Sorry about that and would appreciate it so I can review.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Mansoori, Nina

Sent: Friday, January 5, 2018 17:04

To: Mayman, Gadi (OFA); Thompson, Scott (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); McLean, David (MOF); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: 'John Lee (john.s.lee@opg.com)'; 'Ken Ryfa (ken.ryfa@opg.com)'; 'WONG Leslie -LAWDIV'; LADAK Lubna -TREASURY; Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Dost, Mitchell; Olusoga, Yinka

Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

All – just to clarify - we appreciate the Province will be reviewing the draft OM and may have comments on the disclosure which we would be happy to discuss once you have had a chance to review. Thanks,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada |

www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=s_m0PjvP6QREtQi-GHSrNGj6yZt232IfTen_5GV0Xk4&s=LPvwxfL-PTO7E_aUvKDFt6-OIokUaLi1J5XXUYfaDHw&e= >

[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=s_m0PjvP6QREtQi-GHSrNGj6yZt232IfTen_5GV0Xk4&s=LPvwxfL-PTO7E_aUvKDFt6-OIokUaLi1J5XXUYfaDHw&e= >

From: Mansoori, Nina

Sent: January-05-18 4:55 PM

To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Scott.Thompson@ontario.ca' <Scott.Thompson@ontario.ca>; 'Anna.Strathy@ofina.on.ca' <Anna.Strathy@ofina.on.ca>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; 'David.McLean@ontario.ca' <David.McLean@ontario.ca>; 'Jonathan.Tekle@ontario.ca' <Jonathan.Tekle@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'Ken.Kandeepan@ofina.on.ca' <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; 'tim.christine@ontario.ca' <tim.christine@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Importance: High

All,

Reference is made to the Change of Law Process Agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the Province") and Ontario Power Generation Inc. ("OPG") to be dated as of December 21, 2017 (the "Change of Law Process Agreement"). All capitalized terms used and not defined in this email shall have their respective meanings in the Change of Law Process Agreement.

On behalf of OPG, we have hand-delivered today to the Ministers and the Deputy Ministers the forms of Transaction Documents set out in the attached cover letter. For ease of reference, we also attach these documents here and attach blacklines to the last versions of the term supplemental indentures circulated to you. If you would like a blackline of any other Transaction Document, please send us the version you

reviewed last.

We consider these forms settled other than:

· There is one change that has been proposed by the dealers, and which is under discussion, that will impact the term supplemental indentures and will necessitate some additional disclosure to the term sheet. The dealers have advised that following a Principal Payment Date (i.e. the date on which all amounts owing under the notes are expected to be repaid in full), it would be typical for the interest payment dates to accelerate to monthly (instead of semi-annually). Once the dealers and OPG have an opportunity to discuss and come to an agreement on this point next week, the necessary changes to reflect this will be made to the term supplemental indentures and the term sheet

· there are still some bullets in these documents which will be addressed closer to closing (including dates, pricing information and the names of all of the Agents)

· we expect there will be some minor clean up to the OM (including making sure all of our cross-references are correct and that the glossary picks up all defined terms).

Please let us know if you have any questions.

Best Regards,

Nina

P. 416.865.7332

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Fair Hydro Trust
Investor Presentation

January [xx], 2018

Disclaimers

This presentation and its contents are being supplied for informational purposes only by Fair Hydro Trust (the Issuer) and are not an offer to buy or sell or a solicitation of an offer to buy or sell any securities of the Issuer.

This presentation does not, and does not purport to, contain all information that may be material to an investment decision in respect of the Issuer's Notes. It is only a summary of certain information in respect of the Issuer. Prior to making an investment decision with respect to the Issuer's Notes, prospective investors should carefully review the Confidential Shelf Offering Memorandum, including the related Term Sheet, pursuant to which such Notes are offered (the Offering Memorandum). The information and opinions contained in this presentation are qualified in their entirety by reference to the Offering Memorandum. In particular, reference should be made to the risks of any investment in the Issuer's Notes offered and the statutory rights of rescission or rights to damages available to purchasers of such Notes described in the Offering Memorandum. No representation or warranty, express or implied, is given by or on behalf of the Issuer, the Agents or any other person as to the accuracy or completeness of the information or opinions contained in this presentation.

Some of the statements contained in this presentation, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. The forward-looking information contained in this presentation is presented for the purposes of assisting prospective purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances. Reference should be made to the information under the headings "Caution Regarding Forward-Looking Information" and "Risk Factors" in the Offering Memorandum.

The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, neither the Issuer nor Ontario Power Generation (OPG) intends, or assumes any obligation, to revise or update any information in this presentation.

By attending this presentation, or accepting a copy of this presentation, each prospective purchaser agrees that all information contained herein, all documents delivered in connection herewith and all other information obtained by such prospective purchaser in relation to the Issuer or OPG (collectively, the Confidential Information) is confidential, that none of the Confidential Information will be copied, transcribed, recorded or transmitted by the recipient for any reason or used for any purpose other than evaluating an investment in the Issuer's Notes, and that the recipient will hold all of the Confidential Information in confidence and will not provide any of it to third parties other than persons retained to advise the recipient with respect to the purchase of the Issuer's Notes (so long as they advise such persons of the confidential nature of such Confidential Information), without the prior written consent of the Issuer and OPG.

Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer &
Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan (FHP) on March 2, 2017, which proposed to lower the average electricity bill for eligible customers[1] (referred to as Specified Consumers) by 25% (the Fair Adjustment) • The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax granted by the Ontario government in January 2017 • It is expected that the rate reduction will be in effect until April 30, 2021, with any rate increases until that date limited to the rate of inflation in Ontario
Legislation	• On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (together, with the regulations promulgated thereunder, the FHPA or Act) to give effect to the FHP, legislation that reallocates certain electricity costs over time and provides immediate rate relief contemplated by the Fair Hydro Plan to Specified Consumers • The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations") • The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers and referred to as the Clean Energy Adjustment (CEA) that will be determined by Ontario Power Generation (OPG) in its role as Financial Services Manager under the Act • The CEA will be determined for each six month reference period and converted by the Ontario Energy Board (OEB) into a $/kWh rate and added to electricity invoices sent to Specified Consumers commencing on May 1, 2021 • From July 1, 2017 to April 30, 2021 (the Moratorium Period), no payments in respect of CEA will be collected; during this period the Independent Electricity System Operator (IESO) is obligated to pay all funding and other expenses of the Trust (excluding principal) (referred to as Carrying Costs) under the Regulations
Fair Hydro Trust	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior, subordinated and junior subordinated notes • Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis is ring fenced from OPG's other creditors • The FHT term notes will be repaid through the CEA payments received from Specified Consumers

[1] Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt

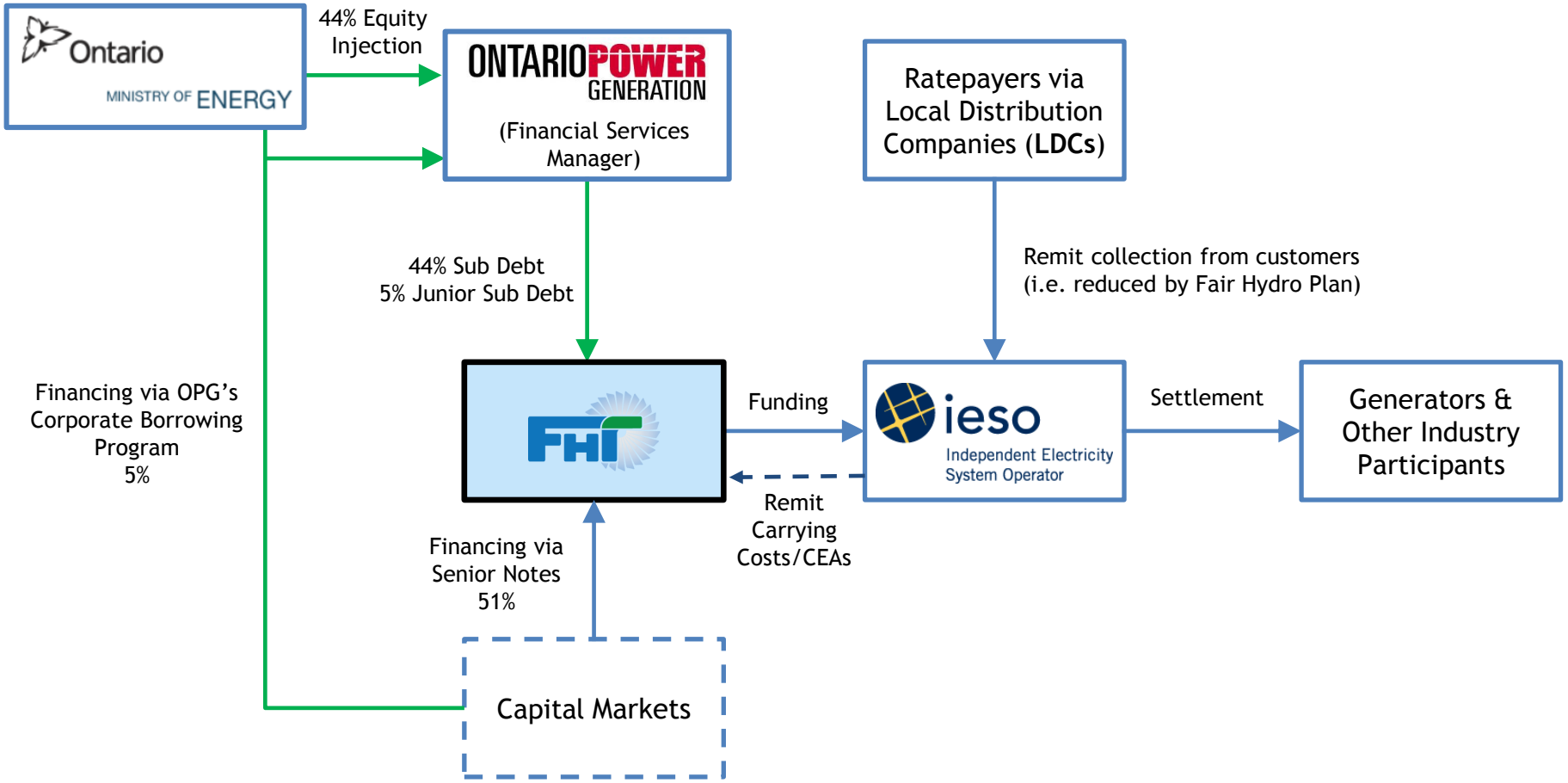

Note: The diagram above is based on subordinated debt of 49% of all outstanding debt; under the Master Trust Indenture, the Trust covenants to maintain the level of subordinated debt plus junior subordinated debt at not less than 35% of all outstanding debt
Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa.

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

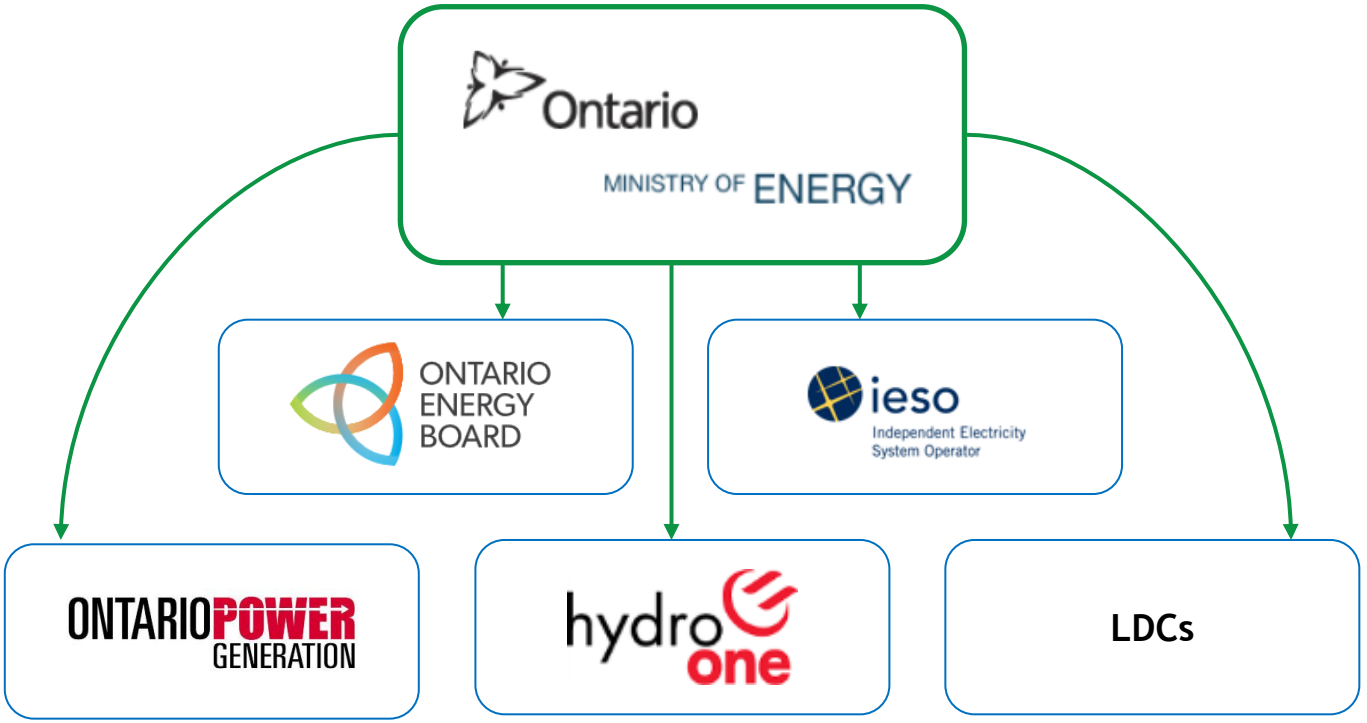

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets the policy for the electricity system
Ontario Energy Board	--	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan (RPP); RPP rates are set twice a year (May and November)
ieso Independent Electricity System Operator	**A(h) / -- / Aa2**	• Not-for-profit corporation established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing approximately half of the province's electricity
hydro one	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations, including LDCs. The majority of LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with financing costs, in a variance account
- FHT will finance the shortfall and is entitled to recover its costs and the principal and interest on its debt through CEAs from Specified Consumers

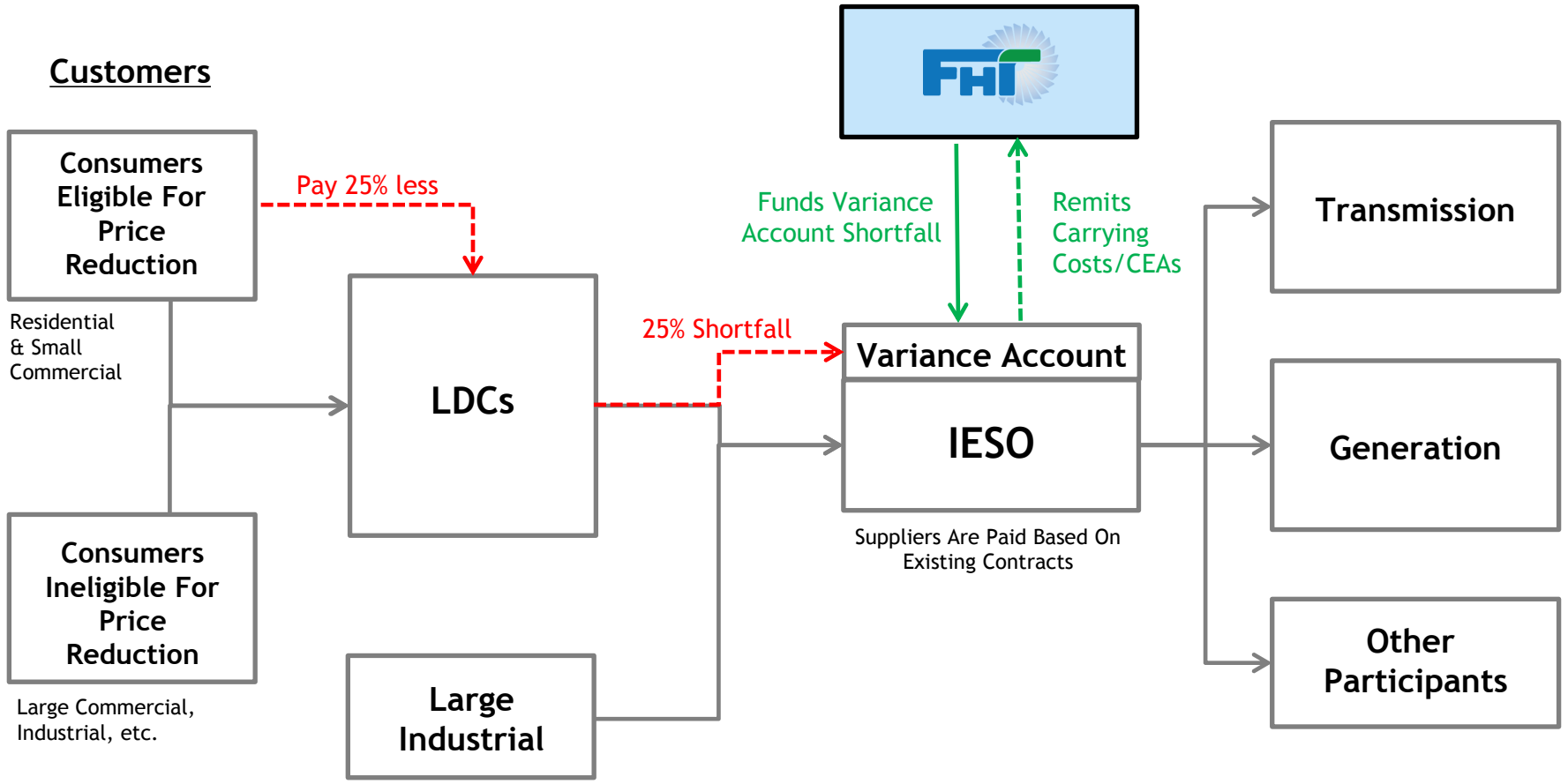

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017 - April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018 - April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019 - April 30, 2021** - rate reductions will be established by future regulation but anticipated to increase by the rate of inflation in Ontario

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the Regulatory Asset) • The IESO may transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the amount recorded in the variance account
Investment Asset	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an Investment Interest) • By acquiring an Investment Interest, the Trust will be entitled to recover all of its financing costs and acquires the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are not permitted to be collected from Specified Consumers during this period • The IESO is obligated to pay all Carrying Costs, excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in all of its accounts receivable • The IESO has a $2 billion general credit facility from the Ontario Financing Authority (OFA) which can be used to pay the Carrying Costs

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the cost of financing the shortfall from the Fair Adjustment and the associated costs of the financing, including payment of principal, operating costs of the Trust and funding of reserve accounts
- CEAs shown on an invoice issued to Specified Consumers represents the amount of the consumers' indebtedness and may not be set off or bypassed

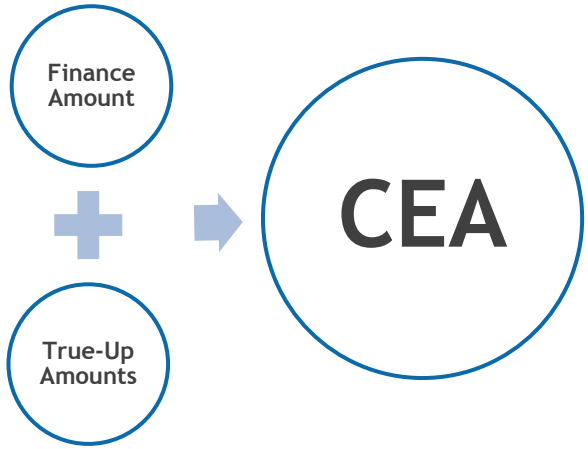

Finance amount = estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the collection obligations of the IESO under the Master Transfer & Servicing Agreement (MTSA), and the ability to include amounts into the true up mechanism
- IESO is allowed to commingle the CEAs during a monthly period before remitting to FHT. If the IESo's rating is downgraded below investment grade, it will not be allowed to commingle CEAs and will remit within two business days of receipt

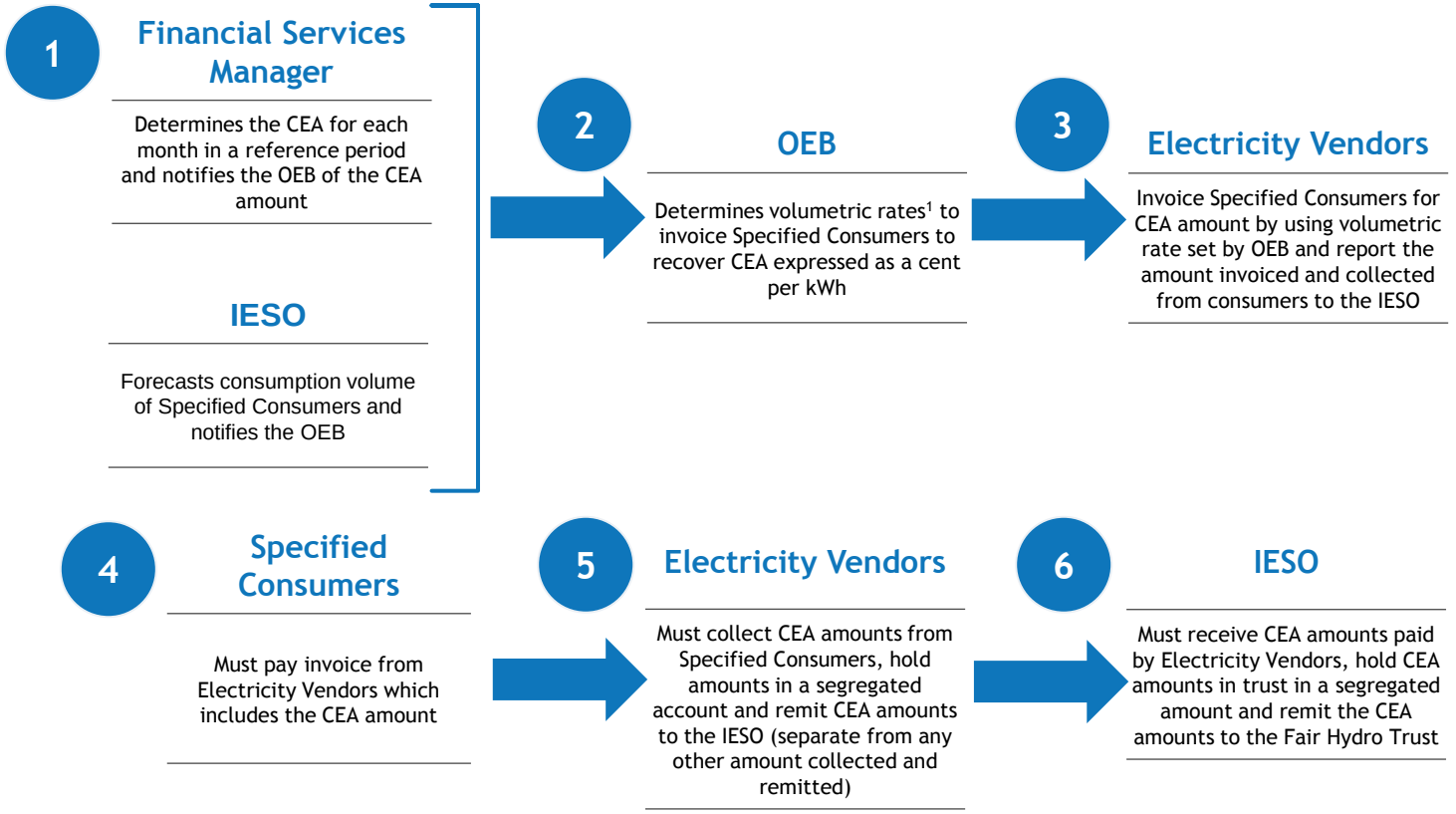

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

Fair Allocation Amount

- The Fair Allocation Amount (FAA) is the estimated clean energy costs without the FHP compared to these same costs reallocated on the basis of estimated clean energy benefits to Specified Consumers in respect of each reference period and includes operating and financing costs of the FHT
- If the FAA is negative, this means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of clean energy costs (with the consequent rate reduction for current Specified Consumers); the FAA is expected to be negative until at least May 2024
- The Ministry of Energy may provide updated FAAs to OPG from time-to-time

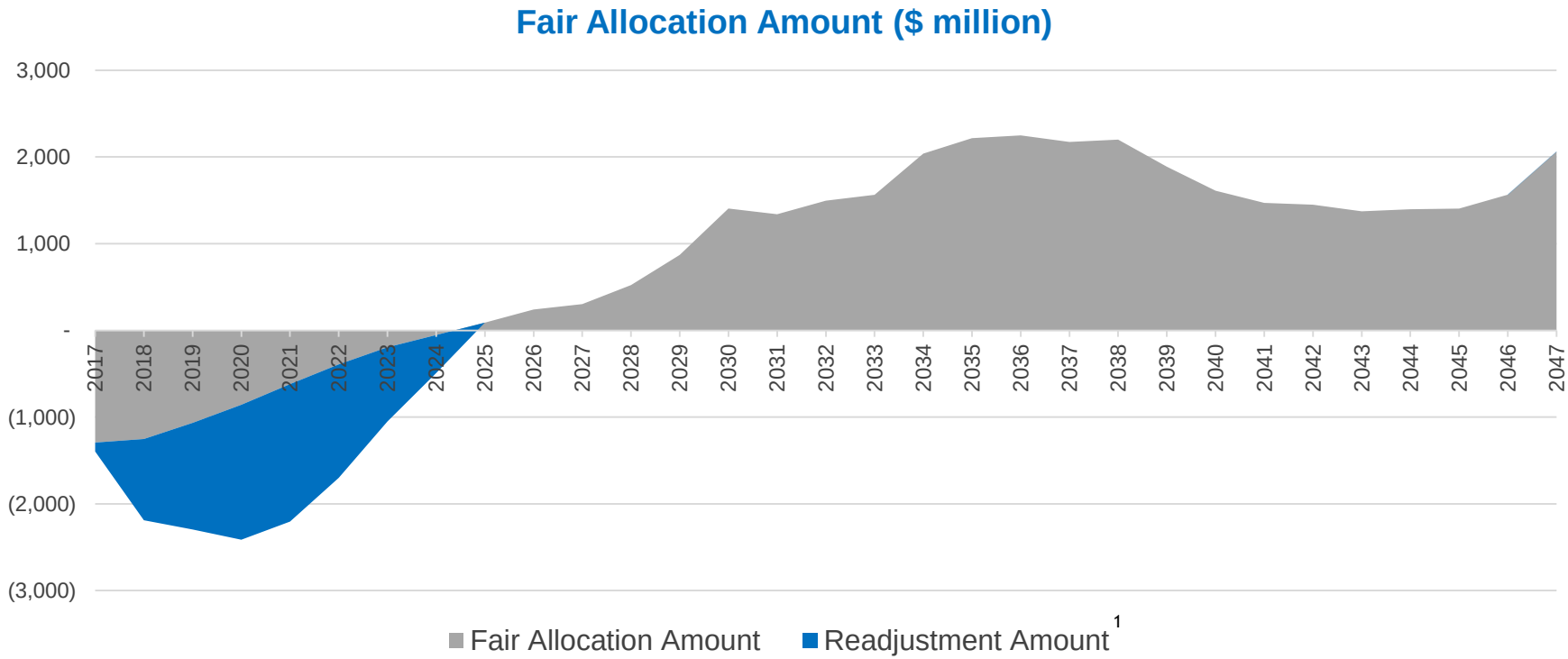

[1] The Readjustment Amount represents the amounts by which Specified Consumers overpaid for clean energy initiatives in the past. It has been incorporated into the FAA to further reduce electricity bills for such consumers.

IV. Contractual Framework

Simplified Contractual Structure

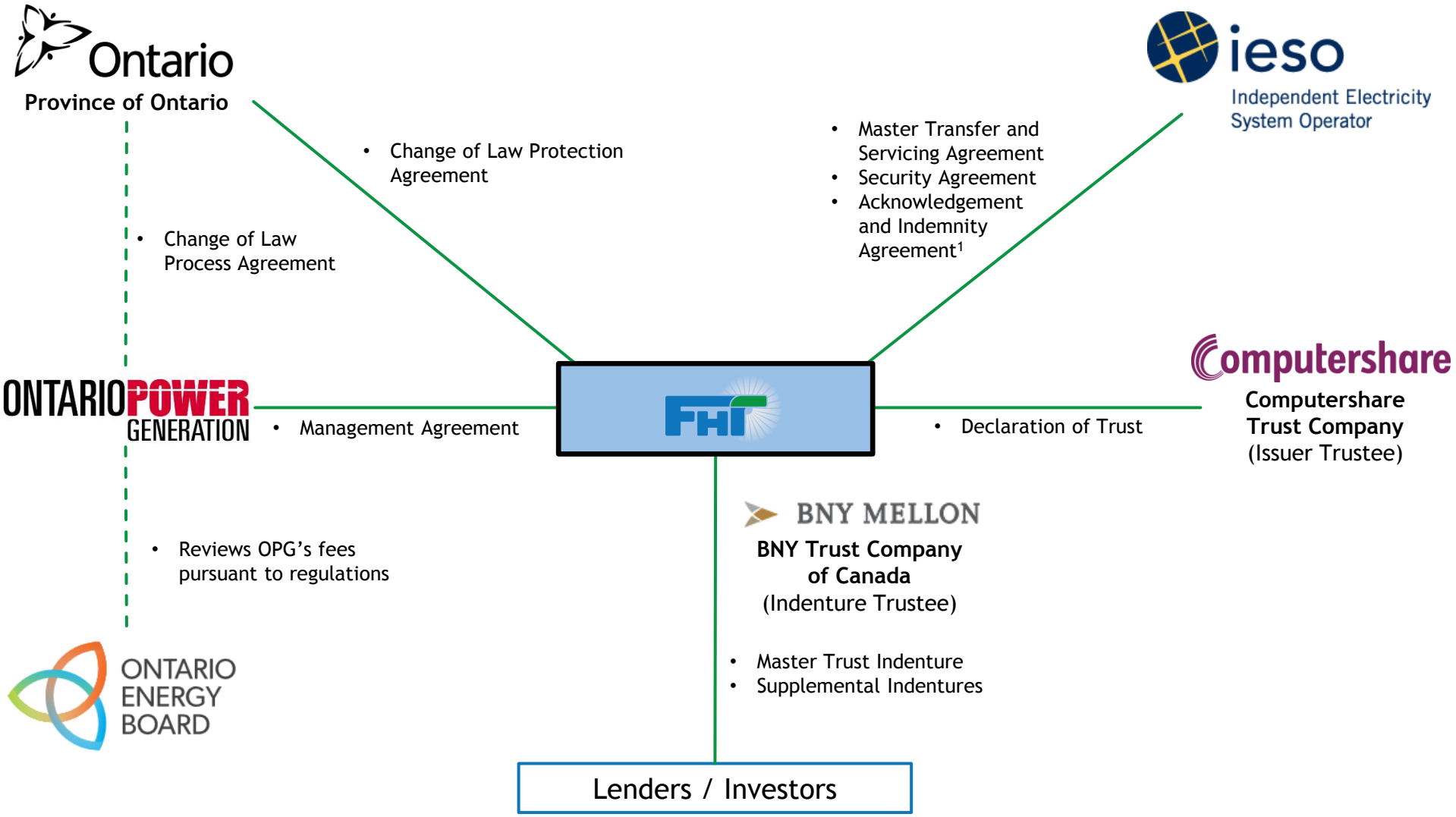

[1] Agreement between IESO and Indenture Trustee.

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee as Trustee of the Issuer, on behalf of Specified Creditors[1], and (3) OPG as Financial Services Manager (FSM)
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event referred to below, the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding • **Mandatory Payment**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable • **Priority of Payments**: The priority of payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from the Change of Law Protection Agreement from the Province (such debt called "Approved Obligations") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a process agreement between OPG and the Province, and any new funding obligations that are incurred during a suspension period will not have the benefit of the Change of Law Protection Agreement, except that the Change of Law Protection Agreement applies to Post-Suspension Refinancing of previously issued Pre-Approved Refinancing

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events:

(1)

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "Regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

(2)

- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest and describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the regulations, including collecting CEA amounts from Electricity Vendors and remitting the same to the Trust, including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause Electricity Vendors to do the same; – Collect CEAs from Electricity Vendors; – Remit CEAs monthly to the Trust (unless downgraded below investment grade in which case it will remit daily); – Prepare monthly servicer reports; and – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements (cont'd)

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, on behalf of specified creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – Paying taxes on behalf of the Trust • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated all of the powers and duties of managing the Trust to OPG under the Management Agreement

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	✔		
Determination of CEA for a Reference Period, including the True-Up Amount	✔		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management	✔	✔	
Preparation of Monthly Servicer Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit and bank funded) and subordinated debt and junior subordinated debt funded by OPG will be used to fund monthly Regulatory Asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Warehouse Financing	• ABCP conduit and bank funded and subordinated debt funded by OPG will be used to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated debt and junior subordinated debt funded by OPG • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds)
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be purchased by OPG, primarily funded by equity injections from the Province (44% of 49%) and the remaining portion from OPG (5% of 49%)

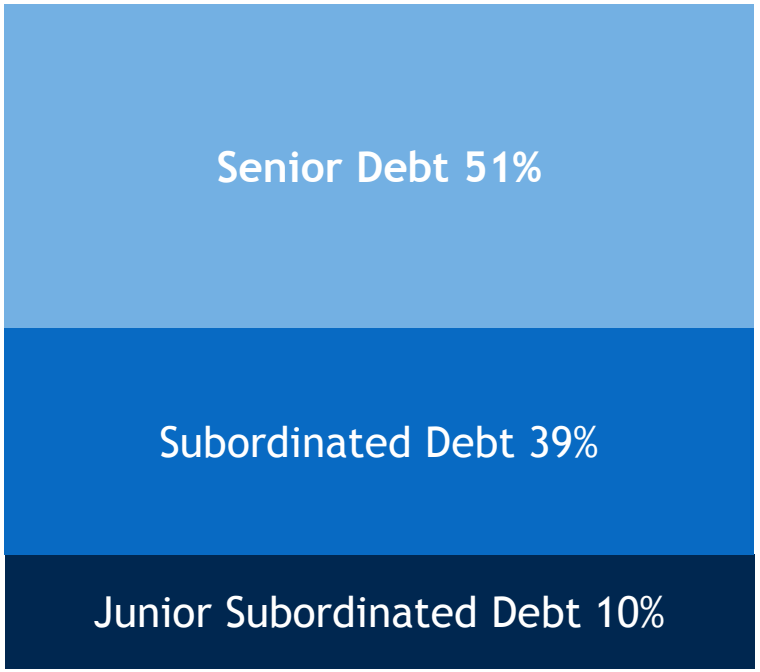

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% Subordinated Debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which are expected to mature over a period after 2029

Illustrative Aggregatee Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

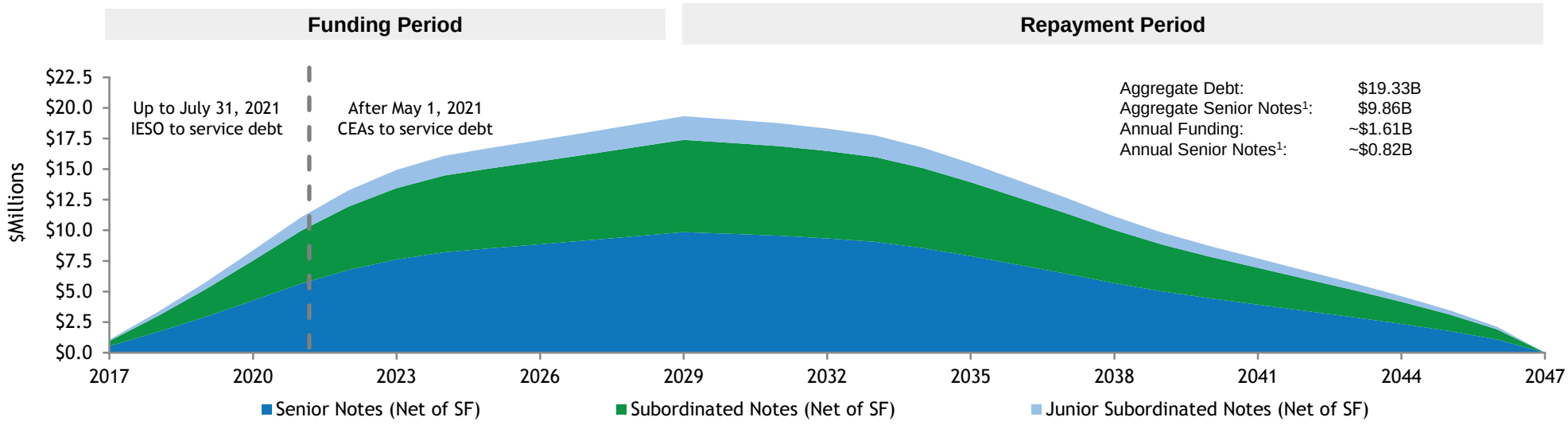

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Max CEA as a percent of the total bill is forecast to be 10.1%
- Average CEA as a percent of the total bill is forecast to be 6.9%

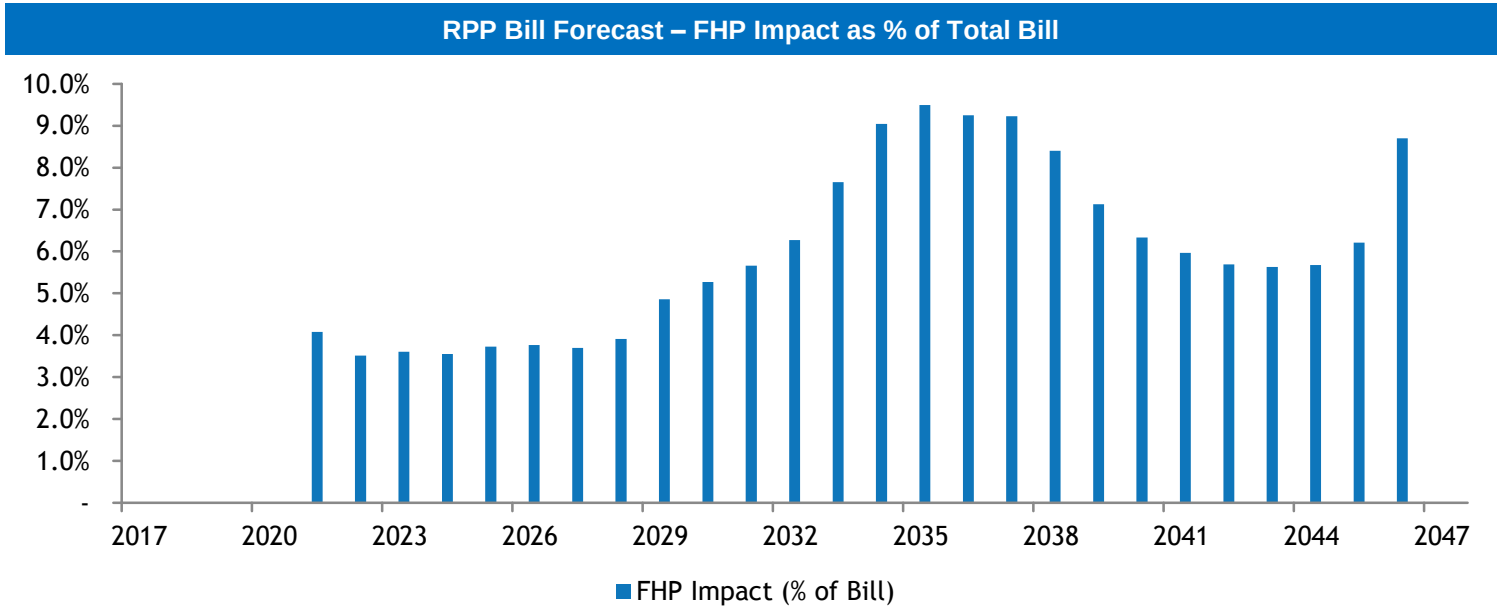

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including: – Note issuances under supplemental indentures – Borrowings under credit agreements – Purchase of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations – (i) senior – (ii) subordinated – (iii) junior subordinated
Events of Default	• Include payment defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• CEAs cannot be increased to the level required to immediately repay all outstanding principal following acceleration. The increase in CEAs is limited under the Regulation to the amount available per the FAA • However, the CEAs are allocated to paying the senior indebtedness first. Accordingly, the subordination of debt across all series of debt would advance the repayment of the principal amount for senior funding obligations • After an acceleration, all Senior Term Notes will be paid parri-passu

Waterfall

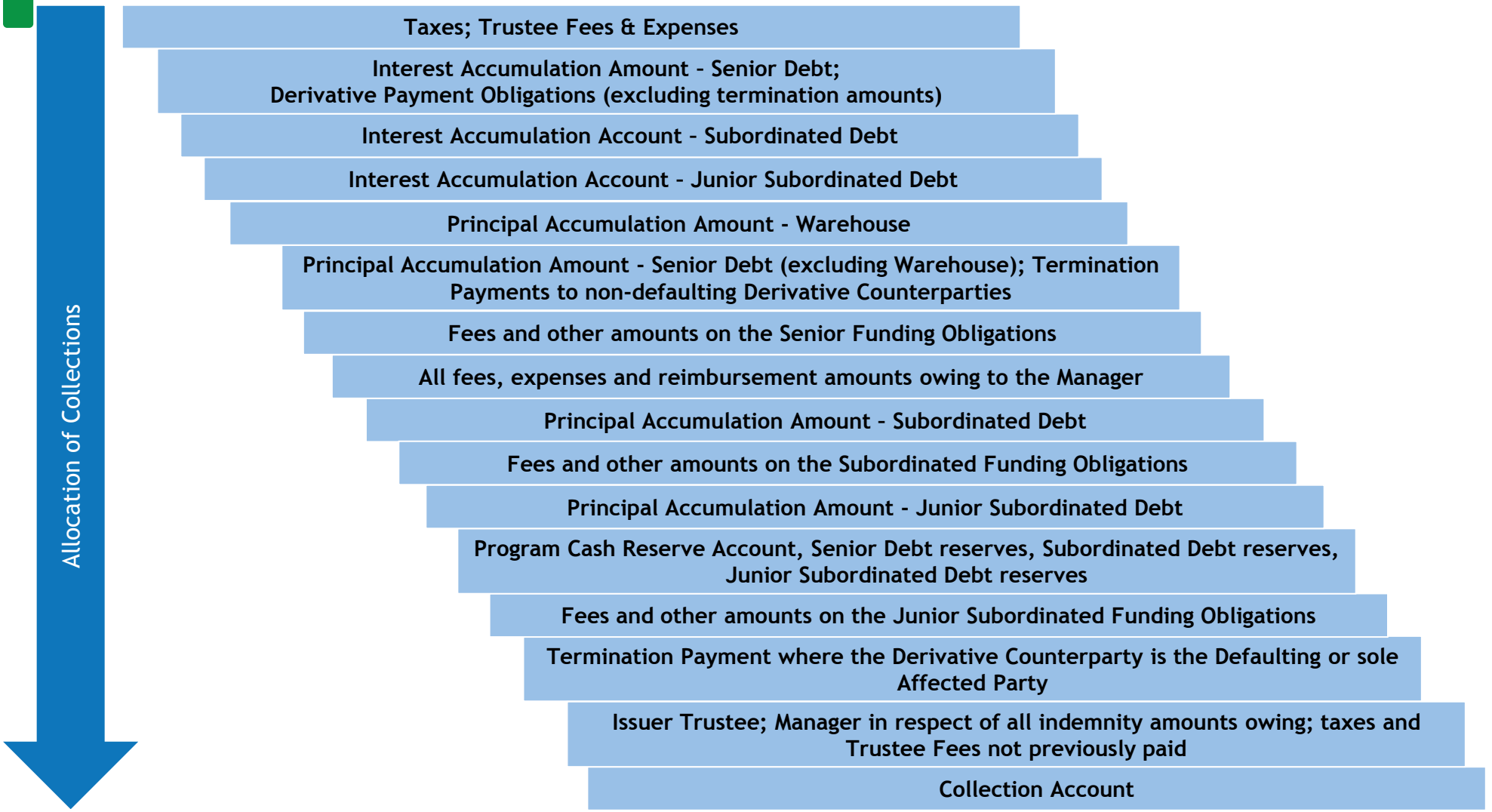

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.
Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Term Issuance	**Class**	**Size**	**% of Trust**	**Expected Maturity**	**Principal Payment Default Date**	**Rating (DBRS / Moody's)**
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA (sf) / Aa2 (sf)
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from residential and commercial customers in Ontario, related collections and reserve accounts (After May 1, 2021)					
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	Principal Accumulation Date ●, 20●			Principal Accumulation Amount $●		
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual (or more frequent) True-up • Reserve Account • Subordination					
Program Cash Reserve Account	After Moratorium period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post-moratorium period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					
Additional Issuance	Master Trust Indenture allows for the issuance of additional notes subject to satisfaction of Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in favour of lenders/investors in these circumstances
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True up mechanism may result in a delay, but will be corrected in next True up • Cash reserve and 35%-49% subordination which would first absorb any shortfalls • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• During the Moratorium Period, the Trust is dependent on the IESO to pay for all Carrying Costs • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace on LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and very low losses and grants security over all of its accounts receivables as security during the Moratorium Period • IESO will provide a letter of credit/other security for the commingling of CEAs by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment • $2 billion general credit facility from the OFA which can be used to pay the Carrying Costs
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill is forecast to be ~10%

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & non-bypassable rate payer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers (Joint and Several Liability)
- Enhanced true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory
- No large user industrial risk exposure

Form of Term Sheet

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ●, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Description of Notes" section of the confidential shelf offering memorandum which contains a more detailed description of certain terms of the Series 2018-1 Senior Notes and the master trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January ●, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, Series 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●
Term:	● years
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●%
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment) versus the CAN ●% due ● (priced at $● to yield ●%)
Issue Yield:	●%
Issue Price:	$● for each $1,000 principal amount of Series 2018-1 Senior Notes sold.

Agents Commission: **$●**

Net Proceeds: $●

Interest Payment Dates: Interest on the Series 2018-1 Senior Notes shall be payable in equal (except the initial interest payment) semi-annual instalments in arrears on April 15 and October 15 of each year, commencing April 15, 2018 (short first coupon). The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first interest payment date for the Series 2018-1 Senior Notes. The first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes.

If an interest payment date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis.

Principal Accumulation Date(s) and Principal Accumulation Amount(s):

Principal Accumulation Dates	Principal Accumulation Amounts
●, 20●	$●

Principal Payment Date(s) and Principal Payment Amount(s):

Principal Payment Date	Principal Payment Amount
●, 20●	$●

Principal Payment Default Date: ●, 20●

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means ●, 20●.

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the date of redemption, plus ●%.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

Use of Proceeds:	The net proceeds from the Series 2018-1 Senior Notes Offering will be used as follows: **[(i) to refinance $● of indebtedness of the Issuer originally incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement and (ii) to pay the Series 2018-1 Senior Notes Offering and related costs of the Issuer in an approximate amount of $●. See *"Consolidated Capitalization"*.]**
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	**[CIBC World Markets Inc., Goldman Sachs Canada Inc., RBC Dominion Securities Inc. (as co-leads and co-bookrunners)]**, ●, ●, and ●.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for:

(i) $● of ●% subordinated notes due ●, Series 2018-1; and
(ii) $● of ●% subordinated junior notes due ●, Series 2018-1.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	Nil
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	**$[1,179,000,000.00][(1)]**	**$[1,179,000,000.00]**
Bank indebtedness……..	Nil	Nil
Total Debt……	**$[1,179,000,000.00][(1)]**	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	**$[1,179,010,000.01][(1)]**	$●

(1) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short-term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000 of which, or 10% of all short term debt, represented by Junior Subordinated Notes held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On October 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than

Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, the Issuer had approximately $● billion outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' fee payable by the Issuer

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

From: Saulnier, Brett [bsaulnier@torys.com]
To: Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Scott Thompson (CAB) [Scott.Thompson@ontario.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; David McLean (MOF) [David.McLean@ontario.ca]; Jonathan Tekle (CAB) [Jonathan.Tekle@ontario.ca]; Thouin, Alena (ENERGY) [Alena.Thouin@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Steen Hume (CAB) [Steen.Hume@ontario.ca]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; John Lee (john.s.lee@opg.com) [john.s.lee@opg.com]; Ken Ryfa (ken.ryfa@opg.com) [ken.ryfa@opg.com]; WONG Leslie -LAWDIV [leslie.wong@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]; 'ASHBOURNE, STEPHEN' [STEPHEN.ASHBOURNE@blakes.com]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]
CC: Mansoori, Nina [nmansoori@torys.com]
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 6/6)
Date: Friday, January 05, 2018 18:43:25
Attachment 1: 09. Form of Junior Subordinated Supplemental Indenture.docx
Attachment 2: 10. Blackline_Junior Subordinated Indenture.pdf

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Email 6/6: Junior Subordinated Supplemental Indenture.

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: January-05-18 5:13 PM
To: Mansoori, Nina <nmansoori@torys.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>
Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Re: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Hi Nina

I am having trouble receiving the email with the attachments because the attachments are large. Is it possible for you to resend the attachments in separate emails? Sorry about that and would appreciate it so I can review.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Mansoori, Nina

Sent: Friday, January 5, 2018 17:04

To: Mayman, Gadi (OFA); Thompson, Scott (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); McLean, David (MOF); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: 'John Lee (john.s.lee@opg.com)'; 'Ken Ryfa (ken.ryfa@opg.com)'; 'WONG Leslie -LAWDIV'; LADAK Lubna -TREASURY; Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Dost, Mitchell; Olusoga, Yinka

Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

All – just to clarify - we appreciate the Province will be reviewing the draft OM and may have comments on the disclosure which we would be happy to discuss once you have had a chance to review. Thanks,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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[Torys LLP]<http://www.torys.com[torys.com]>

From: Mansoori, Nina

Sent: January-05-18 4:55 PM

To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Scott.Thompson@ontario.ca' <Scott.Thompson@ontario.ca>; 'Anna.Strathy@ofina.on.ca' <Anna.Strathy@ofina.on.ca>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; 'David.McLean@ontario.ca' <David.McLean@ontario.ca>; 'Jonathan.Tekle@ontario.ca' <Jonathan.Tekle@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'Ken.Kandeepan@ofina.on.ca' <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; 'tim.christine@ontario.ca' <tim.christine@ontario.ca>

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Subject: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Importance: High

All,

Reference is made to the Change of Law Process Agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the Province") and Ontario Power Generation Inc. ("OPG") to be dated as of December 21, 2017 (the "Change of Law Process Agreement"). All capitalized terms used and not defined in this email shall have their respective meanings in the Change of Law Process Agreement.

On behalf of OPG, we have hand-delivered today to the Ministers and the Deputy Ministers the forms of Transaction Documents set out in the attached cover letter. For ease of reference, we also attach these documents here and attach blacklines to the last versions of the term supplemental indentures circulated to you. If you would like a blackline of any other Transaction Document, please send us the version you reviewed last.

We consider these forms settled other than:

· There is one change that has been proposed by the dealers, and which is under discussion, that will impact the term supplemental indentures and will necessitate some additional disclosure to the term sheet. The dealers have advised that following a Principal Payment Date (i.e. the date on which all amounts owing under the notes are expected to be repaid in full), it would be typical for the interest payment dates to accelerate to monthly (instead of semi-annually). Once the dealers and OPG have an opportunity to discuss and come to an agreement on this point next week, the necessary changes to reflect this will be made to the term supplemental indentures and the term sheet

· there are still some bullets in these documents which will be addressed closer to closing (including dates, pricing information and the names of all of the Agents)

· we expect there will be some minor clean up to the OM (including making sure all of our cross-references are correct and that the glossary picks up all defined terms).

Please let us know if you have any questions.

Best Regards,

Nina

P. 416.865.7332

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TERM
JUNIOR SUBORDINATED SERIES 2018-1
SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF DECEMBER 21, 2017

AND PROVIDING FOR THE ISSUE OF
●% JUNIOR SUBORDINATED NOTES DUE ●, SERIES 2018-1
OF FAIR HYDRO TRUST

Made as of ●, 2018

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2018-1 JUNIOR SUBORDINATED NOTES 2
2.1 Creation of Series 2018-1 Junior Subordinated Notes 2
2.2 Principal Terms 2
2.3 Delivery 4
2.4 Payment of Interest 4
2.5 Payment of Principal 4
2.6 Redemption and Repurchase 4
2.7 Indemnification by the Issuer 5
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2018-1 Junior Subordinated Notes 6
2.10 Delivery to Series 2018-1 Noteholder 7
2.11 Acceleration Events 7

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 7
3.1 Representations and Warranties of the Issuer 7
3.2 Survival 7

ARTICLE 4 GENERAL 8
4.1 Acceptance of Trust 8
4.2 Confirmation of Trust Indenture 8
4.3 Indenture Trustee Not Bound to Act 8
4.4 Successor and Assigns 8
4.5 Specified Creditors 8
4.6 Waiver 9
4.7 Notice 9
4.8 No Waiver: Remedies 9
4.9 Entire Agreement 9
4.10 Governing Law and Attornment 9
4.11 Expenses 9
4.12 Further Assurances 10
4.13 Limitation of Liability of Issuer Trustee 10
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

●% JUNIOR SUBORDINATED NOTES DUE ●, SERIES 2018-1

THIS JUNIOR SUBORDINATED NOTES SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2018, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the "**Indenture Trustee**").

WHEREAS pursuant to the Trust Indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee (as amended or restated from time to time, the "**Trust Indenture**"), provision was made for the issuance of Junior Subordinated Notes from time to time in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Junior Subordinated Notes designated as the ●% Junior Subordinated Notes due ●, Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**");

AND WHEREAS the foregoing recitals are made as statements of fact by the Issuer and not by the Indenture Trustee.

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2018-1 Junior Subordinated Notes, amended and supplemented

so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2018-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2018-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2018-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2018-1 JUNIOR SUBORDINATED NOTES

2.1 Creation of Series 2018-1 Junior Subordinated Notes

There is hereby created a Series of Junior Subordinated Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●%Junior Subordinated Notes due ●, Series 2018-1**."

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2018-1 Junior Subordinated Notes will:

(a) be designated as set out in Section 2.1;

(b) be Junior Subordinated Notes;

(c) not be divided into Tranches;

(d) be unlimited in principal amount but initially will have a Stated Principal Amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2018-1 Junior Subordinated Notes may be increased after the date hereof without the consent of any Series 2018-1 Noteholder or any holder of any Notes of any other Class, Series or Tranche, but subject to satisfaction of the Rating Agency Condition;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued as a Registered Note in minimum denominations of $150,000 and integral multiples of 1,000;

(h) be issued as definitive notes and will not be in the form of a Global Note;

(i) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(j) bear interest at a rate of ●% per annum;

(k) accrue interest from the later of: (i) ●, 2018 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Series 2018-1 Junior Subordinated Notes;

(l) have interest paid in equal semi-annual instalments (except the initial interest payment) on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing with the Payment Date occurring in the month of April, 2018 in respect of the Series 2018-1 Junior Subordinated Notes issued prior to such date;

(m) subject to the occurrence of an Acceleration Event, mature on, and have ●, 20●, as their sole Principal Payment Date with a principal payment amount on such Principal Payment Date equal to the then Outstanding Dollar Principal Amount of the Series 2018-1 Junior Subordinated Notes;

(n) have ●, 20● as their Principal Payment Default Date;

(o) subject to the occurrence of an Acceleration Event, have ●, 20● as their Principal Accumulation Date;

(p) subject to the occurrence of an Acceleration Event, have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Dates	**Principal Accumulation Amounts**
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●

(q) after the occurrence of an Acceleration Event and for so long as it continues, each Payment Date shall be a Principal Payment Date in respect of the Series 2018-1 Junior Subordinated Notes and the full Outstanding Dollar Principal Amount of the Series 2018-1 Junior Subordinated Notes shall be due and payable on each such Payment Date;

(r) have a Record Date for each Interest Payment Date that is the last day of the calendar month preceding each Interest Payment Date; and

(s) be redeemable and subject to repurchase as provided in Section 2.6 below.

2.3 Delivery

On the date of issuance of the Series 2018-1 Junior Subordinated Notes, Series 2018-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any Taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2018-1 Junior Subordinated Notes) will on each Interest Payment Date, make payment of such interest, less any Taxes required by law to be deducted or withheld, by wire transfer to each Series 2018-1 Noteholder as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2018-1 Junior Subordinated Note to the extent of the sum represented thereby (plus the amount of any Taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of Series 2018-1 Noteholders on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2018-1 Junior Subordinated Notes to the extent of the sum represented thereby.

2.6 Redemption and Repurchase

(a) Subject to the terms of Section 13.24 of the Trust Indenture, at any time prior to the Par Call Date, the Issuer may redeem the Series 2018-1 Junior Subordinated Notes in whole or, from time to time, in part, on payment of a Redemption Price equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2018-1 Redemption Date. At any time on or after the Par Call Date, the Issuer may redeem the Series 2018-1 Junior Subordinated Notes in whole or, from time to time, in part, on payment of a Redemption Price equal to par, together with accrued and unpaid interest to the Series 2018-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption, and will provide a copy of such notice to DBRS and Moody's upon the issuance thereof. Less than all of the Series 2018-1 Junior Subordinated Notes may be redeemed, if so redeemed, in accordance with Section 4.10 of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2018-1 Junior Subordinated Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Less than all of the Series 2018-1 Junior Subordinated

Notes may be purchased, if so purchased, for cancellation in accordance with Section 4.11 of the Trust Indenture.

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2018-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section 7.04 or Section 8.13 of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so

payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 2.8(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2018-1 Junior Subordinated Notes

On or prior to the initial issuance of Series 2018-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 3.1 of this Supplemental Indenture shall be true and correct in all material respects, and the Issuer shall be in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party.

(c) The Indenture Trustee shall have received (i) the Adherence Compliance Certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

2.10 Delivery to Series 2018-1 Noteholder

Promptly following the issuance of the Series 2018-1 Junior Subordinated Notes, the definitive notes representing the Series 2018-1 Junior Subordinated Notes shall be delivered to the Series 2018-1 Noteholders (or as they may direct).

2.11 Acceleration Events

If a Series 2018-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02(a) of the Trust Indenture, the Series 2018-1 Noteholders may by Ordinary Resolution (with notice of such Ordinary Resolution being provided to the Issuer and the Indenture Trustee) determine to declare the Outstanding Dollar Principal Amount of the Series 2018-1 Junior Subordinated Notes and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary. The Issuer shall give prompt written notice to DBRS and Moody's of the occurrence of an Acceleration Event.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2018-1 Noteholder that:

(a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

The representations and warranties set out in this Article 3 shall survive the execution hereof.

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

The Indenture Trustee accepts the trusts in this Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Supplemental Indenture and in accordance with the Trust Indenture.

4.2 Confirmation of Trust Indenture

The Trust Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

4.3 Indenture Trustee Not Bound to Act

The Indenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Indenture Trustee, in its sole judgment, acting reasonably, determines that such act may cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline. Further, should the Indenture Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Supplemental Indenture has resulted in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline, then it shall have the right to resign pursuant to the terms of Section 9.07 of the Trust Indenture, provided that (i) the Indenture Trustee's written notice of resignation shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2018-1 Noteholders) hereby acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments to be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2018-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2018-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

4.11 Expenses

The Issuer agrees to pay on demand to the Indenture Trustee: (a) all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture; (b) all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and (c) all reasonable costs and expenses (including reasonable fees and expenses of counsel), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2018-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by facsimile or other electronic transmission of a manually signed counterpart.

4.15 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Outstanding Dollar Principal Amount of the Series 2018-1 Junior Subordinated Notes and all interest accrued and unpaid thereon is declared to be due and payable under Section 2.11.

"**AEOI Legislation**" has the meaning specified in Section 2.8(a).

"**Excluded Taxes**" has the meaning specified in Section 2.8(a).

"**FATCA**" has the meaning specified in Section 2.8(a).

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Junior Subordinated Notes to be redeemed, the yield from the Series 2018-1 Redemption Date to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to the Par Call Date (calculated from the Series 2018-1 Redemption Date), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

"**Indenture Trustee**" has the meaning specified in the recitals of this Supplemental Indenture.

"**Interest Payment Date**" has the meaning specified in Section 2.2(l).

"**Issuer**" has the meaning specified in the recitals of this Supplemental Indenture.

"**Issuer Indemnified Person**" has the meaning specified in Section 2.7.

"**Par Call Date**" means ■, 20■.

"**Recipient**" has the meaning specified in Section 2.8(a).

"**Requisite Series 2018-1 Noteholders**" means Series 2018-1 Noteholders holding, in aggregate, at least 50% of the Series 2018-1 Junior Subordinated Notes then Outstanding.

"Series 2018-1 Canada Yield Price" means a price equal to the price of the Series 2018-1 Junior Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2018-1 Redemption Date specified in the notice of redemption delivered

pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture, plus ●%.

"**Series 2018-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2018-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2018-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2018-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 3.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2018-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2018-1 Event of Default), and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period; or

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Junior Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Junior Subordinated Funding Obligations.

"**Series 2018-1 Junior Subordinated Note**" means any one of the Series 2018-1 Junior Subordinated Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

"**Series 2018-1 Noteholder**" means a Person in whose name a Series 2018-1 Junior Subordinated Note is registered in the Note Register.

"**Series 2018-1 Redemption Date**" means a date fixed for redemption of the Series 2018-1 Junior Subordinated Notes pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture.

"**Supplemental Indenture**" means this Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Termination Event**" means any Acceleration Event or Series 2018-1 Event of Default, or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2018-1 Event of Default.

"**Trust Indenture**" has the meaning specified in the recitals of this Supplemental Indenture.

SCHEDULE B

FORM OF SERIES 2018-1 JUNIOR SUBORDINATED NOTE

FAIR HYDRO TRUST
(A trust established under the laws of the Province of Ontario)

●% JUNIOR SUBORDINATED NOTE DUE ●, SERIES 2018-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017, for value received, hereby promises to pay the principal sum of $● to the registered holder hereof on ●, 20● (the "**Principal Payment Date**") or on such earlier date as the principal amount hereof may become due, in accordance with the provisions set forth in the Trust Indenture and the Supplemental Indenture. The Issuer will pay interest on the outstanding principal amount of this Series 2018-1 Junior Subordinated Note in accordance with Section 2.4 of the Supplemental Indenture on each Interest Payment Date (as defined below) at the rate of ●% per annum in equal semi-annual instalments on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing on April ●, 2018 (provided that the initial interest payment payable on April ●, 2018 will be in an aggregate amount equal to $● per $1,000 principal amount) until the principal of this Series 2018-1 Junior Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental Indenture. The principal of and interest on this Series 2018-1 Junior Subordinated Note are payable in Canadian dollars.

Beginning on the first Payment Date following the occurrence of an Acceleration Event, the principal of this Series 2018-1 Junior Subordinated Note shall be paid in full on each such Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2018-1 Junior Subordinated Note shall be paid in the manner specified on the reverse hereof.

Reference is made to the further provisions of this Series 2018-1 Junior Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2018-1 Junior Subordinated Note. Although a summary of certain provisions of the Trust Indenture and Supplemental Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2018-1 Junior Subordinated Note does not purport to summarize the Trust Indenture and Supplemental Indenture and reference is made to the Trust Indenture and Supplemental Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. In the event that there is any inconsistency between the provisions of the Trust Indenture or Supplemental Indenture and the provisions hereof, the provisions of the Trust Indenture and Supplemental Indenture shall govern. Capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Trust Indenture and Supplemental Indenture. Copies of the Trust Indenture and Supplemental Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2018-1 Junior Subordinated Note shall not be entitled to any benefit under the Trust Indenture and Supplemental Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2018-1 Junior Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:

Title:

By: _____

Name:

Title:

Dated: _____●, 2018

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the ●% Junior Subordinated Notes due ●, Series 2018-1 described in the within-mentioned Trust Indenture and Supplemental Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____

Authorized Signatory

By: _____

Authorized Signatory

FAIR HYDRO TRUST

●% JUNIOR SUBORDINATED NOTES DUE ●, SERIES 2018-1

Summary of Terms and Conditions

This Series 2018-1 Subordinated Note is one of a duly authorized Series of Subordinated Notes of the Issuer, designated as the ●% Subordinated Notes due ●, Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**"), issued under a trust indenture dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Trust Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Trust Indenture), as amended and supplemented by the Junior Subordinated Series 2018-1 Supplemental Indenture, dated as of ●, 2018 (the "**Supplemental Indenture**"), and representing the right to receive certain payments from the Issuer. Except as set forth in the Supplemental Indenture, the Series 2018-1 Junior Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2018-1 Junior Subordinated Note and not otherwise defined herein shall have the meanings assigned to them in or pursuant to the Supplemental Indenture.

The Series 2018-1 Junior Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on April 15, 2018.

As described above, all amounts payable on maturity with respect to this Series 2018-1 Junior Subordinated Note shall be due and payable on the Principal Payment Date, in accordance with Section 2.5 of the Supplemental Indenture. All principal payments of the Series 2018-1 Junior Subordinated Note shall be deposited with the Indenture Trustee.

Payments of interest on this Series 2018-1 Junior Subordinated Note are due and payable on each Interest Payment Date or such other date as may be specified in the Supplemental Indenture by wire transfer to each Series 2018-1 Noteholder as of the Record Date. Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

The Series 2018-1 Junior Subordinated Notes are redeemable in accordance with Section 2.6 of the Supplemental Indenture and Section 4.10 of the Trust Indenture.

The Indenture Trustee (on behalf of each Series 2018-1 Noteholder), acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14

(Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

The Trust Indenture and Supplemental Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Series 2018-1 Noteholders under the Trust Indenture and Supplemental Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2018-1 Junior Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2018-1 Noteholders and upon all future holders of this Series 2018-1 Junior Subordinated Note and of any Series 2018-1 Junior Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2018-1 Junior Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2018-1 Junior Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2018-1 Junior Subordinated Notes are only issuable in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2018-1 Junior Subordinated Note, the Trust Indenture and Supplemental Indenture, and all matters arising out of or relating to this Series 2018-1 Junior Subordinated Note, the Trust Indenture or Supplemental Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and Supplemental Indenture and no provision of this Series 2018-1 Junior Subordinated Note or of the Trust Indenture and Supplemental Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2018-1 Junior Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar

TERM
JUNIOR SUBORDINATED SERIES ~~[~~2018-1~~]~~
SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF DECEMBER ~~●~~21, 2017

AND PROVIDING FOR THE ISSUE OF
●% JUNIOR SUBORDINATED NOTES DUE ●, SERIES 2018-1
OF FAIR HYDRO TRUST

Made as of ●, 2018

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2018-1 JUNIOR SUBORDINATED NOTES 2
2.1 Creation of Series 2018-1 Junior Subordinated Notes 2
2.2 Principal Terms 2
2.3 Delivery 4
2.4 Payment of Interest 4
2.5 Payment of Principal 4
2.6 ~~[~~Redemption and Repurchase 4
2.7 Indemnification by the Issuer 5
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2018-1 Junior Subordinated Notes 6
2.10 Delivery to Series 2018-1 Noteholder 7
2.11 Acceleration Events 7

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 7
3.1 Representations and Warranties of the Issuer 7
3.2 Survival 7

ARTICLE 4 GENERAL 8
4.1 Acceptance of Trust 8
4.2 Confirmation of Trust Indenture 8
4.3 Indenture Trustee Not Bound to Act 8
4.4 Successor and Assigns 8
4.5 Specified Creditors 8
4.6 Waiver 9
4.7 Notice 9
4.8 No Waiver: Remedies 9
4.9 Entire Agreement 9
4.10 Governing Law and Attornment 9
4.11 Expenses 9
4.12 Further Assurances 10
4.13 Limitation of Liability of Issuer Trustee 10
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

TABLE OF CONTENTS
(continued)

Page

●% JUNIOR SUBORDINATED NOTES DUE ●, SERIES 2018-1

THIS JUNIOR SUBORDINATED NOTES SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2018, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the "**Indenture Trustee**").

WHEREAS pursuant to the Trust Indenture dated as of December ~~●,~~ **21,** 2017 between the Issuer and the Indenture Trustee (as amended or restated from time to time, the "**Trust Indenture**"), provision was made for the issuance of Junior Subordinated Notes from time to time in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Junior Subordinated Notes designated as the ●% Junior Subordinated Notes due ●, Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**");

AND WHEREAS the foregoing recitals are made as statements of fact by the Issuer and not by the Indenture Trustee.

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2018-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental

Indenture are applicable only in respect of the Series 2018-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2018-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2018-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2018-1 JUNIOR SUBORDINATED NOTES

2.1 Creation of Series 2018-1 Junior Subordinated Notes

There is hereby created a Series of Junior Subordinated Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●%Junior Subordinated Notes due ●, Series 2018-1**."

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2018-1 Junior Subordinated Notes will:

(a) be designated as set out in Section 2.1;

(b) be Junior Subordinated Notes;

(c) not be divided into Tranches;

(d) be unlimited in principal amount but initially will have a Stated Principal Amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2018-1 Junior Subordinated Notes may be increased after the date hereof without the consent of any ~~holder of~~ Series 2018-1 ~~Junior Subordinated Notes~~**Noteholder** or any holder of any Notes of any other Class, Series or Tranche, but subject to satisfaction of the Rating Agency Condition;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued as a Registered Note in minimum denominations of $150,000 and integral multiples of 1,000;

(h) ~~(g)~~ be issued as definitive notes and will not be in the form of a Global Note; ~~**[NTD: To be confirmed.]**~~

(i) ~~(h)~~ be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(j) ~~(i)~~ bear interest at a rate of ●% per annum;

(k) ~~(j)~~ accrue interest from the later of: (i) ●, 2018 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Series 2018-1 Junior Subordinated Notes;

(l) ~~(k)~~ have interest paid in equal semi-annual instalments ~~[~~(except the initial interest payment)~~]~~ on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing with the Payment Date occurring in the month of ~~[~~April~~]~~, 2018 in respect of the Series 2018-1 Junior Subordinated Notes issued prior to such date;

(m) ~~(l)~~ subject to the occurrence of an Acceleration Event, mature on, and have ●, 20●, as their sole Principal Payment Date with a principal payment amount on such Principal Payment Date equal to the then Outstanding Dollar Principal Amount of the Series 2018-1 Junior Subordinated Notes;

(n) ~~(m)~~ have ●, 20● as their Principal Payment Default Date;

(o) ~~(n)~~ subject to the occurrence of an Acceleration Event, have ●, 20● as their Principal Accumulation Date;

(p) ~~(o)~~ subject to the occurrence of an Acceleration Event, have the following Principal Accumulation ~~Amount~~**Amounts** for each Payment Date on or after their Principal Accumulation Date:

Payment ~~Date~~Dates	**Principal Accumulation ~~Amount~~Amounts**
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●

(q) ~~(p)~~ after the occurrence of an Acceleration Event and for so long as it continues, each Payment Date shall be a Principal Payment Date in respect of the Series 2018-1 Junior Subordinated Notes and the full Outstanding Dollar Principal Amount of the Series 2018-1 Junior Subordinated Notes shall be due and payable on each such Payment Date;

(r) ~~(q)~~ have a Record Date for each Interest Payment Date that is the last day of the calendar month preceding each Interest Payment Date; **and**

(s) ~~(r) [~~be redeemable and subject to repurchase as provided in Section 2.6 below~~]; and(s) [not be subject to defeasance as contemplated by Section 2.08 of the Trust Indenture] [be subject to defeasance in accordance with Section 2.08 of the Trust Indenture]~~.

2.3 Delivery

On the date of issuance of the Series 2018-1 Junior Subordinated Notes, Series 2018-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any ~~taxes~~Taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2018-1 Junior Subordinated Notes) will on each Interest Payment Date, make payment of such interest, less any ~~taxes~~Taxes required by law to be deducted or withheld, by wire transfer to each ~~holder of a~~ Series 2018-1 ~~Junior Subordinated Note~~Noteholder as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2018-1 Junior Subordinated Note to the extent of the sum represented thereby (plus the amount of any ~~taxes~~Taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of ~~holders of~~ Series 2018-1 ~~Junior Subordinated Notes~~Noteholders on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2018-1 Junior Subordinated Notes to the extent of the sum represented thereby.

2.6 ~~[~~Redemption and Repurchase

~~[NTD: Redemption features to be discussed.]~~

(a) Subject to the terms of Section 13.24 of the Trust Indenture, at any time prior to ~~●, 20●~~ ~~[par call date]~~the Par Call Date, the Issuer may redeem the Series 2018-1 Junior Subordinated Notes in whole or, from time to time, in part, on payment of a ~~redemption price~~Redemption Price equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2018-1 Redemption Date. At any time on or after ~~●, 20●~~ ~~[par call date]~~the Par Call Date, the Issuer may redeem the Series 2018-1 Junior Subordinated Notes in whole or, from time to time, in part, on payment of a ~~redemption price~~Redemption Price equal to par, together with accrued and unpaid interest to the Series 2018-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and

not less than 15 days before the date fixed for redemption, and will provide a copy of such notice to DBRS **and Moody's** upon the issuance thereof. Less than all of the Series 2018-1 Junior Subordinated Notes may be redeemed, if so redeemed, in accordance with Section 4.10 of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2018-1 Junior Subordinated Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Less than all of the Series 2018-1 Junior Subordinated Notes may be purchased, if so purchased, for cancellation in accordance with Section 4.11 of the Trust Indenture.

~~(c) The Series 2018-1 Junior Subordinated Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions.]~~

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2018-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section 7.04 or Section 8.13 of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection

arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 2.8(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2018-1 Junior Subordinated Notes

On or prior to the initial issuance of Series 2018-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The representations and warranties set forth in **Section 12.01 of the Trust Indenture and** Section 3.1 of this Supplemental Indenture shall be true and correct in all material respects, **and** the Issuer shall be in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party.

(c) The Indenture Trustee shall have received (i) the Adherence Compliance Certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

2.10 Delivery to Series 2018-1 Noteholder

Promptly following the issuance of the Series 2018-1 Junior Subordinated Notes, the definitive notes representing the Series 2018-1 Junior Subordinated Notes shall be delivered to the Series 2018-1 Noteholders (or as they may direct).

2.11 Acceleration Events

If a Series 2018-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02(a) of the Trust Indenture, the Series 2018-1 Noteholders may by Ordinary Resolution (with notice of such Ordinary Resolution being provided to the Issuer and the Indenture Trustee) determine to declare the Outstanding Dollar Principal Amount of the Series 2018-1 Junior Subordinated Notes and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary. The Issuer shall give prompt written notice to DBRS **and Moody's** of the occurrence of an Acceleration Event.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2018-1 Noteholder that:

(a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

The representations and warranties set out in this Article 3 shall survive the execution hereof.

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

The Indenture Trustee accepts the trusts in this Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Supplemental Indenture and in accordance with the Trust Indenture.

4.2 Confirmation of Trust Indenture

The Trust Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

4.3 Indenture Trustee Not Bound to Act

The Indenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Indenture Trustee, in its sole judgment, acting reasonably, determines that such act may cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline. Further, should the Indenture Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Supplemental Indenture has resulted in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline, then it shall have the right to resign pursuant to the terms of Section 9.07 of the Trust Indenture, provided that (i) the Indenture Trustee's written notice of resignation shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2018-1 Noteholders) hereby acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as ~~a~~ Specified ~~Creditor~~**Creditors** are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments to be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (**The** Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (**Preservation of Information;** Communications to Specified Creditors) and Section 16.01 (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2018-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2018-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

4.11 Expenses

The Issuer agrees to pay on demand to the Indenture Trustee: (a) all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture; (b) all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and (~~iii~~**c**) all reasonable costs and expenses (including reasonable fees and expenses of counsel), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2018-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the

Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by facsimile or other electronic transmission of a manually signed counterpart.

4.15 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[~~signature~~Signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, ~~as Issuer Trustee~~**in its capacity as trustee** of **FAIR HYDRO TRUST**, ~~by its Manager~~**as Issuer**, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee **and not in its individual capacity**

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Outstanding Dollar Principal Amount of the Series 2018-1 Junior Subordinated Notes and all interest accrued and unpaid thereon is declared to be due and payable under Section 2.11.

"**AEOI Legislation**" has the meaning specified in Section 2.8(a).

"**Excluded Taxes**" has the meaning specified in Section 2.8(a).

"**FATCA**" has the meaning specified in Section 2.8(a).

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Junior Subordinated Notes to be redeemed, the yield from the Series 2018-1 Redemption Date to ~~● [par call date]~~**the Par Call Date**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ~~● [par call date]~~**the Par Call Date** (calculated from the Series 2018-1 Redemption Date) ~~of the Series 2018-1 Junior Subordinated Notes~~, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

"~~Interest Payment Date~~**Indenture Trustee**" has the meaning **specified in the recitals of this Supplemental Indenture.**

"Interest Payment Date" has the meaning specified in Section 2.2(l).

"**Issuer" has the meaning specified in the recitals of this Supplemental Indenture.**

"Issuer Indemnified Person" has the meaning specified in Section 2.7.

"Par Call Date" means ■, 20■.

"**Recipient**" has the meaning specified in Section 2.8(a).

"**Requisite Series 2018-1 Noteholders**" means Series 2018-1 Noteholders holding, in aggregate, at least ~~[~~50~~]~~% of the Series 2018-1 Junior Subordinated Notes then Outstanding.

"Series 2018-1 Canada Yield Price" means a price equal to the price of the Series 2018-1 Junior Subordinated Notes calculated to provide a yield to ~~● [par call date]~~**the Par Call Date**, compounded semi-annually and calculated in accordance with generally accepted Canadian

financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2018-1 Redemption Date specified in the notice of redemption delivered pursuant to Section 4.10 of the Trust Indenture **and Section 2.6 of this Supplemental Indenture**, plus ●%.

"**Series 2018-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2018-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2018-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2018-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 3.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2018-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2018-1 Event of Default), and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period; or

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Junior Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Junior Subordinated Funding Obligations.

"**Series 2018-1 Junior Subordinated Note**" means any one of the Series 2018-1 Junior Subordinated Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

"**Series 2018-1 Noteholder**" means a Person in whose name a Series 2018-1 Junior Subordinated Note is registered in the Note Register.

"**Series 2018-1 Redemption Date**" means a date fixed for redemption of the Series 2018-1 Junior Subordinated Notes pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture.

"**Supplemental Indenture**" means this Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Termination Event**" means any Acceleration Event **or Series 2018-1 Event of Default,** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2018-1 Event of Default**.

"Trust Indenture" has the meaning specified in the recitals of this Supplemental Indenture.

SCHEDULE B

[FORM OF NOTE]SERIES 2018-1 JUNIOR SUBORDINATED NOTE

FAIR HYDRO TRUST
(A trust established under the laws of the Province of Ontario)

● % JUNIOR SUBORDINATED NOTE DUE ●, SERIES 2018-1

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017, for value received, hereby promises to pay the principal sum of $● to the registered holder hereof on ●, 20● (the "Principal Payment Date") or on such earlier date as the principal amount hereof may become due, in accordance with the provisions set forth in the Trust Indenture and the Supplemental Indenture. The Issuer will pay interest on the outstanding principal amount of this Series 2018-1 Junior Subordinated Note in accordance with Section 2.4 of the Supplemental Indenture on each Interest Payment Date (as defined below) at the rate of ●% per annum in equal semi-annual instalments on the Payment Dates occurring in the months of April and October in each year (each, an "Interest Payment Date") commencing on April ●, 2018 (provided that the initial interest payment payable on April ●, 2018 will be in an aggregate amount equal to $● per $1,000 principal amount) until the principal of this Series 2018-1 Junior Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental Indenture. The principal of and interest on this Series 2018-1 Junior Subordinated Note are payable in Canadian dollars.

Beginning on the first Payment Date following the occurrence of an Acceleration Event, the principal of this Series 2018-1 Junior Subordinated Note shall be paid in full on each such Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2018-1 Junior Subordinated Note shall be paid in the manner specified on the reverse hereof.

Reference is made to the further provisions of this Series 2018-1 Junior Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2018-1 Junior Subordinated Note. Although a summary of certain provisions of the Trust Indenture and Supplemental Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2018-1 Junior Subordinated Note does not purport to summarize the Trust Indenture and Supplemental Indenture and reference is made to the Trust Indenture and Supplemental Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. In the event that there is any inconsistency between the provisions of the Trust Indenture or Supplemental Indenture and the provisions hereof, the provisions of the Trust Indenture and Supplemental Indenture shall govern. Capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Trust Indenture and Supplemental Indenture. Copies of the Trust Indenture and Supplemental Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY

Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2018-1 Junior Subordinated Note shall not be entitled to any benefit under the Trust Indenture and Supplemental Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2018-1 Junior Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

Dated: _____●, 2018

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the ●% Junior Subordinated Notes due ●, Series 2018-1 described in the within-mentioned Trust Indenture and Supplemental Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Authorized Signatory

By:

Authorized Signatory

FAIR HYDRO TRUST

●% JUNIOR SUBORDINATED NOTES DUE ●, SERIES 2018-1

Summary of Terms and Conditions

This Series 2018-1 Subordinated Note is one of a duly authorized Series of Subordinated Notes of the Issuer, designated as the ●% Subordinated Notes due ●, Series 2018-1 (the "Series 2018-1 Junior Subordinated Notes"), issued under a trust indenture dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Trust Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Trust Indenture), as amended and supplemented by the Junior Subordinated Series 2018-1 Supplemental Indenture, dated as of ●, 2018 (the "Supplemental Indenture"), and representing the right to receive certain payments from the Issuer. Except as set forth in the Supplemental Indenture, the Series 2018-1 Junior Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2018-1 Junior Subordinated Note and not otherwise defined herein shall have the meanings assigned to them in or pursuant to the Supplemental Indenture.

The Series 2018-1 Junior Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"Payment Date" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on April 15, 2018.

As described above, all amounts payable on maturity with respect to this Series 2018-1 Junior Subordinated Note shall be due and payable on the Principal Payment Date, in accordance with Section 2.5 of the Supplemental Indenture. All principal payments of the Series 2018-1 Junior Subordinated Note shall be deposited with the Indenture Trustee.

Payments of interest on this Series 2018-1 Junior Subordinated Note are due and payable on each Interest Payment Date or such other date as may be specified in the Supplemental Indenture by wire transfer to each Series 2018-1 Noteholder as of the Record Date. Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

The Series 2018-1 Junior Subordinated Notes are redeemable in accordance with Section 2.6 of the Supplemental Indenture and Section 4.10 of the Trust Indenture.

The Indenture Trustee (on behalf of each Series 2018-1 Noteholder), acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class

Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

The Trust Indenture and Supplemental Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Series 2018-1 Noteholders under the Trust Indenture and Supplemental Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2018-1 Junior Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2018-1 Noteholders and upon all future holders of this Series 2018-1 Junior Subordinated Note and of any Series 2018-1 Junior Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2018-1 Junior Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2018-1 Junior Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2018-1 Junior Subordinated Notes are only issuable in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2018-1 Junior Subordinated Note, the Trust Indenture and Supplemental Indenture, and all matters arising out of or relating to this Series 2018-1 Junior Subordinated Note, the Trust Indenture or Supplemental Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and Supplemental Indenture and no provision of this Series 2018-1 Junior Subordinated Note or of the Trust Indenture and Supplemental Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2018-1 Junior Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

REGISTRATION PANEL

(No writing on this panel except by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar

Document comparison by Workshare Compare on January-05-18 11:09:14 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtemp278c\Fair Hydro - Term - Junior Subordinated Supplemental Indenture.docx
Description	Fair Hydro - Term - Junior Subordinated Supplemental Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\New folder\Junior Subordinated Supplemental Indenture.docx
Description	Junior Subordinated Supplemental Indenture
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	105
Deletions	74
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	179

From: Saulnier, Brett [bsaulnier@torys.com]
To: Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Scott Thompson (CAB) [Scott.Thompson@ontario.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; David McLean (MOF) [David.McLean@ontario.ca]; Jonathan Tekle (CAB) [Jonathan.Tekle@ontario.ca]; Thouin, Alena (ENERGY) [Alena.Thouin@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Steen Hume (CAB) [Steen.Hume@ontario.ca]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; John Lee (john.s.lee@opg.com) [john.s.lee@opg.com]; Ken Ryfa (ken.ryfa@opg.com) [ken.ryfa@opg.com]; WONG Leslie -LAWDIV [leslie.wong@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]; 'ASHBOURNE, STEPHEN' [STEPHEN.ASHBOURNE@blakes.com]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]
CC: Mansoori, Nina [nmansoori@torys.com]
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 5/6)
Date: Friday, January 05, 2018 18:43:04
Attachment 1: 07. Form of Subordinated Supplemental Indenture.docx
Attachment 2: 08. Blackline_Subordinated Supplemental Indenture.pdf

---

Email 5/6: Subordinated Supplemental Indenture

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 5:13 PM

To: Mansoori, Nina <nmansoori@torys.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY

<lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Re: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Hi Nina

I am having trouble receiving the email with the attachments because the attachments are large. Is it possible for you to resend the attachments in separate emails? Sorry about that and would appreciate it so I can review.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Mansoori, Nina

Sent: Friday, January 5, 2018 17:04

To: Mayman, Gadi (OFA); Thompson, Scott (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); McLean, David (MOF); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: 'John Lee (john.s.lee@opg.com)'; 'Ken Ryfa (ken.ryfa@opg.com)'; 'WONG Leslie -LAWDIV'; LADAK Lubna -TREASURY; Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Dost, Mitchell; Olusoga, Yinka

Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

All – just to clarify - we appreciate the Province will be reviewing the draft OM and may have comments on the disclosure which we would be happy to discuss once you have had a chance to review. Thanks,

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Toronto, Ontario M5K 1N2 Canada |

www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=8K8FY1qZb9ay--mCaCiOeKE8TuxTw5_Kkoc51iKJrdE&s=wX5-Kg2ECxUTIvhfJJqCHRjXO-qsoItSjFwk9kJTFQ8&e= >

[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=8K8FY1qZb9ay--mCaCiOeKE8TuxTw5_Kkoc51iKJrdE&s=wX5-Kg2ECxUTIvhfJJqCHRjXO-qsoItSjFwk9kJTFQ8&e= >

From: Mansoori, Nina

Sent: January-05-18 4:55 PM

To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Scott.Thompson@ontario.ca' <Scott.Thompson@ontario.ca>; 'Anna.Strathy@ofina.on.ca' <Anna.Strathy@ofina.on.ca>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; 'David.McLean@ontario.ca' <David.McLean@ontario.ca>; 'Jonathan.Tekle@ontario.ca' <Jonathan.Tekle@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'Ken.Kandeepan@ofina.on.ca' <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; 'tim.christine@ontario.ca' <tim.christine@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Importance: High

All,

Reference is made to the Change of Law Process Agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the Province") and Ontario Power Generation Inc. ("OPG") to be dated as of December 21, 2017 (the "Change of Law Process Agreement"). All capitalized terms used and not defined in this email shall have their respective meanings in the Change of Law Process Agreement.

On behalf of OPG, we have hand-delivered today to the Ministers and the Deputy Ministers the forms of Transaction Documents set out in the attached cover letter. For ease of reference, we also attach these documents here and attach blacklines to the last versions of the term supplemental indentures circulated to you. If you would like a blackline of any other Transaction Document, please send us the version you

reviewed last.

We consider these forms settled other than:

· There is one change that has been proposed by the dealers, and which is under discussion, that will impact the term supplemental indentures and will necessitate some additional disclosure to the term sheet. The dealers have advised that following a Principal Payment Date (i.e. the date on which all amounts owing under the notes are expected to be repaid in full), it would be typical for the interest payment dates to accelerate to monthly (instead of semi-annually). Once the dealers and OPG have an opportunity to discuss and come to an agreement on this point next week, the necessary changes to reflect this will be made to the term supplemental indentures and the term sheet

· there are still some bullets in these documents which will be addressed closer to closing (including dates, pricing information and the names of all of the Agents)

· we expect there will be some minor clean up to the OM (including making sure all of our cross-references are correct and that the glossary picks up all defined terms).

Please let us know if you have any questions.

Best Regards,

Nina

P. 416.865.7332

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TERM
SUBORDINATED SERIES 2018-1
SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF DECEMBER 21, 2017

AND PROVIDING FOR THE ISSUE OF
●% SUBORDINATED NOTES DUE ●, SERIES 2018-1
OF FAIR HYDRO TRUST

Made as of ●, 2018

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2018-1 SUBORDINATED NOTES 2
2.1 Creation of Series 2018-1 Subordinated Notes 2
2.2 Principal Terms 2
2.3 Delivery 3
2.4 Payment of Interest 4
2.5 Payment of Principal 4
2.6 Redemption and Repurchase 4
2.7 Indemnification by the Issuer 4
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2018-1 Subordinated Notes 6
2.10 Delivery to Series 2018-1 Noteholder 6
2.11 Acceleration Events 7

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 7
3.1 Representations and Warranties of the Issuer 7
3.2 Survival 7

ARTICLE 4 GENERAL 8
4.1 Acceptance of Trust 8
4.2 Confirmation of Trust Indenture 8
4.3 Indenture Trustee Not Bound to Act 8
4.4 Successor and Assigns 8
4.5 Specified Creditors 8
4.6 Waiver 9
4.7 Notice 9
4.8 No Waiver: Remedies 9
4.9 Entire Agreement 9
4.10 Governing Law and Attornment 9
4.11 Expenses 9
4.12 Further Assurances 10
4.13 Limitation of Liability of Issuer Trustee 10
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

●% SUBORDINATED NOTES DUE ●, SERIES 2018-1

THIS SUBORDINATED NOTES SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2018, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the "**Indenture Trustee**").

WHEREAS pursuant to the Trust Indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee (as amended or restated from time to time, the "**Trust Indenture**"), provision was made for the issuance of Subordinated Notes from time to time in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Subordinated Notes designated as the ●% Subordinated Notes due ●, Series 2018-1 (the "**Series 2018-1 Subordinated Notes**");

AND WHEREAS the foregoing recitals are made as statements of fact by the Issuer and not by the Indenture Trustee.

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2018-1 Subordinated Notes, amended and supplemented so as to

be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2018-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2018-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2018-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2018-1 SUBORDINATED NOTES

2.1 Creation of Series 2018-1 Subordinated Notes

There is hereby created a Series of Subordinated Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●%Subordinated Notes due ●, Series 2018-1**."

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2018-1 Subordinated Notes will:

(a) be designated as set out in Section 2.1;

(b) be Subordinated Notes;

(c) not be divided into Tranches;

(d) be unlimited in principal amount but initially will have a Stated Principal Amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2018-1 Subordinated Notes may be increased after the date hereof without the consent of any Series 2018-1 Noteholder or any holder of any Notes of any other Class, Series or Tranche, but subject to satisfaction of the Rating Agency Condition;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued as a Registered Note in minimum denominations of $150,000 and integral multiples of 1,000;

(h) be issued as definitive notes and will not be in the form of a Global Note;

(i) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(j) bear interest at a rate of ●% per annum;

(k) accrue interest from the later of: (i) ●, 2018 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Series 2018-1 Subordinated Notes;

(l) have interest paid in equal semi-annual instalments (except the initial interest payment) on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing with the Payment Date occurring in the month of April, 2018 in respect of the Series 2018-1 Subordinated Notes issued prior to such date;

(m) subject to the occurrence of an Acceleration Event, mature on, and have ●, 20●, as their sole Principal Payment Date with a principal payment amount on such Principal Payment Date equal to the then Outstanding Dollar Principal Amount of the Series 2018-1 Subordinated Notes;

(n) have ●, 20● as their Principal Payment Default Date;

(o) subject to the occurrence of an Acceleration Event, have ●, 20● as their Principal Accumulation Date;

(p) subject to the occurrence of an Acceleration Event, have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Dates	**Principal Accumulation Amounts**
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●

(q) after the occurrence of an Acceleration Event and for so long as it continues, each Payment Date shall be a Principal Payment Date in respect of the Series 2018-1 Subordinated Notes and the full Outstanding Dollar Principal Amount of the Series 2018-1 Subordinated Notes shall be due and payable on each such Payment Date;

(r) have a Record Date for each Interest Payment Date that is the last day of the calendar month preceding each Interest Payment Date; and

(s) be redeemable and subject to repurchase as provided in Section 2.6 below.

2.3 Delivery

On the date of issuance of the Series 2018-1 Subordinated Notes, Series 2018-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any Taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2018-1 Subordinated Notes) will on each Interest Payment Date, make payment of such interest, less any Taxes required by law to be deducted or withheld, by wire transfer to each Series 2018-1 Noteholder as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2018-1 Subordinated Note to the extent of the sum represented thereby (plus the amount of any Taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of Series 2018-1 Noteholders on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2018-1 Subordinated Notes to the extent of the sum represented thereby.

2.6 Redemption and Repurchase

(a) Subject to the terms of Section 13.24 of the Trust Indenture, at any time prior to the Par Call Date, the Issuer may redeem the Series 2018-1 Subordinated Notes in whole or, from time to time, in part, on payment of a Redemption Price equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2018-1 Redemption Date. At any time on or after the Par Call Date, the Issuer may redeem the Series 2018-1 Subordinated Notes in whole or, from time to time, in part, on payment of a Redemption Price equal to par, together with accrued and unpaid interest to the Series 2018-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption, and will provide a copy of such notice to DBRS and Moody's upon the issuance thereof. Less than all of the Series 2018-1 Subordinated Notes may be redeemed, if so redeemed, in accordance with Section 4.10 of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2018-1 Subordinated Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Less than all of the Series 2018-1 Subordinated Notes may be purchased, if so purchased, for cancellation in accordance with Section 4.11 of the Trust Indenture.

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2018-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts

or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section 7.04 or Section 8.13 of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 2.8(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2018-1 Subordinated Notes

On or prior to the initial issuance of Series 2018-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 3.1 of this Supplemental Indenture shall be true and correct in all material respects, and the Issuer shall be in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party.

(c) The Indenture Trustee shall have received (i) the Adherence Compliance Certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

2.10 Delivery to Series 2018-1 Noteholder

Promptly following the issuance of the Series 2018-1 Subordinated Notes, the definitive notes representing the Series 2018-1 Subordinated Notes shall be delivered to the Series 2018-1 Noteholders (or as they may direct).

2.11 Acceleration Events

If a Series 2018-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02(a) of the Trust Indenture, the Series 2018-1 Noteholders may by Ordinary Resolution (with notice of such Ordinary Resolution being provided to the Issuer and the Indenture Trustee) determine to declare the Outstanding Dollar Principal Amount of the Series 2018-1 Subordinated Notes and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary. The Issuer shall give prompt written notice to DBRS and Moody's of the occurrence of an Acceleration Event.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2018-1 Noteholder that:

(a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

The representations and warranties set out in this Article 3 shall survive the execution hereof.

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

The Indenture Trustee accepts the trusts in this Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Supplemental Indenture and in accordance with the Trust Indenture.

4.2 Confirmation of Trust Indenture

The Trust Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

4.3 Indenture Trustee Not Bound to Act

The Indenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Indenture Trustee, in its sole judgment, acting reasonably, determines that such act may cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline. Further, should the Indenture Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Supplemental Indenture has resulted in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline, then it shall have the right to resign pursuant to the terms of Section 9.07 of the Trust Indenture, provided that (i) the Indenture Trustee's written notice of resignation shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2018-1 Noteholders) hereby acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments to be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2018-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2018-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

4.11 Expenses

The Issuer agrees to pay on demand to the Indenture Trustee: (a) all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture; (b) all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and (c) all reasonable costs and expenses (including reasonable fees and expenses of counsel), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2018-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by facsimile or other electronic transmission of a manually signed counterpart.

4.15 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Outstanding Dollar Principal Amount of the Series 2018-1 Subordinated Notes and all interest accrued and unpaid thereon is declared to be due and payable under Section 2.11.

"**AEOI Legislation**" has the meaning specified in Section 2.8(a).

"**Excluded Taxes**" has the meaning specified in Section 2.8(a).

"**FATCA**" has the meaning specified in Section 2.8(a).

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Subordinated Notes to be redeemed, the yield from the Series 2018-1 Redemption Date to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to the Par Call Date (calculated from the Series 2018-1 Redemption Date), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

"**Indenture Trustee**" has the meaning specified in the recitals of this Supplemental Indenture.

"**Interest Payment Date**" has the meaning specified in Section 2.2(l).

"**Issuer**" has the meaning specified in the recitals of this Supplemental Indenture.

"**Issuer Indemnified Person**" has the meaning specified in Section 2.7.

"**Par Call Date**" means ■, 20■.

"**Recipient**" has the meaning specified in Section 2.8(a).

"**Requisite Series 2018-1 Noteholders**" means Series 2018-1 Noteholders holding, in aggregate, at least 50% of the Series 2018-1 Subordinated Notes then Outstanding.

"Series 2018-1 Canada Yield Price" means a price equal to the price of the Series 2018-1 Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2018-1 Redemption Date specified in the notice of redemption delivered

pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture, plus ●%.

"**Series 2018-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2018-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2018-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2018-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 3.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2018-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2018-1 Event of Default), and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period; or

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Subordinated Funding Obligations.

"**Series 2018-1 Noteholder**" means a Person in whose name a Series 2018-1 Subordinated Note is registered in the Note Register.

"**Series 2018-1 Redemption Date**" means a date fixed for redemption of the Series 2018-1 Subordinated Notes pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture.

"**Series 2018-1 Subordinated Note**" means any one of the Series 2018-1 Subordinated Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

"**Supplemental Indenture**" means this Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Termination Event**" means any Acceleration Event or Series 2018-1 Event of Default, or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2018-1 Event of Default.

"**Trust Indenture**" has the meaning specified in the recitals of this Supplemental Indenture.

SCHEDULE B

FORM OF SERIES 2018-1 SUBORDINATED NOTE

FAIR HYDRO TRUST
(A trust established under the laws of the Province of Ontario)

●% SUBORDINATED NOTE DUE ●, SERIES 2018-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017, for value received, hereby promises to pay the principal sum of $● to the registered holder hereof on ●, 20● (the "**Principal Payment Date**") or on such earlier date as the principal amount hereof may become due, in accordance with the provisions set forth in the Trust Indenture and the Supplemental Indenture. The Issuer will pay interest on the outstanding principal amount of this Series 2018-1 Subordinated Note in accordance with Section 2.4 of the Supplemental Indenture on each Interest Payment Date (as defined below) at the rate of ●% per annum in equal semi-annual instalments on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing on April ●, 2018 (provided that the initial interest payment payable on April ●, 2018 will be in an aggregate amount equal to $● per $1,000 principal amount) until the principal of this Series 2018-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental Indenture. The principal of and interest on this Series 2018-1 Subordinated Note are payable in Canadian dollars.

Beginning on the first Payment Date following the occurrence of an Acceleration Event, the principal of this Series 2018-1 Subordinated Note shall be paid in full on each such Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2018-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

Reference is made to the further provisions of this Series 2018-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2018-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture and Supplemental Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2018-1 Subordinated Note does not purport to summarize the Trust Indenture and Supplemental Indenture and reference is made to the Trust Indenture and Supplemental Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. In the event that there is any inconsistency between the provisions of the Trust Indenture or Supplemental Indenture and the provisions hereof, the provisions of the Trust Indenture and Supplemental Indenture shall govern. Capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Trust Indenture and Supplemental Indenture. Copies of the Trust Indenture and Supplemental Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2018-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture and Supplemental Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2018-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:

Title:

By: _____

Name:

Title:

Dated: _____●, 2018

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the ●% Subordinated Notes due ●, Series 2018-1 described in the within-mentioned Trust Indenture and Supplemental Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____

Authorized Signatory

By: _____

Authorized Signatory

FAIR HYDRO TRUST

●% SUBORDINATED NOTES DUE ●, SERIES 2018-1

Summary of Terms and Conditions

This Series 2018-1 Subordinated Note is one of a duly authorized Series of Subordinated Notes of the Issuer, designated as the ●% Subordinated Notes due ●, Series 2018-1 (the "**Series 2018-1 Subordinated Notes**"), issued under a trust indenture dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Trust Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Trust Indenture), as amended and supplemented by the Subordinated Series 2018-1 Supplemental Indenture, dated as of ●, 2018 (the "**Supplemental Indenture**"), and representing the right to receive certain payments from the Issuer. Except as set forth in the Supplemental Indenture, the Series 2018-1 Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2018-1 Subordinated Note and not otherwise defined herein shall have the meanings assigned to them in or pursuant to the Supplemental Indenture.

The Series 2018-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on April 15, 2018.

As described above, all amounts payable on maturity with respect to this Series 2018-1 Subordinated Note shall be due and payable on the Principal Payment Date, in accordance with Section 2.5 of the Supplemental Indenture. All principal payments of the Series 2018-1 Subordinated Note shall be deposited with the Indenture Trustee.

Payments of interest on this Series 2018-1 Subordinated Note are due and payable on each Interest Payment Date or such other date as may be specified in the Supplemental Indenture by wire transfer to each Series 2018-1 Noteholder as of the Record Date. Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

The Series 2018-1 Subordinated Notes are redeemable in accordance with Section 2.6 of the Supplemental Indenture and Section 4.10 of the Trust Indenture.

The Indenture Trustee (on behalf of each Series 2018-1 Noteholder), acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

The Trust Indenture and Supplemental Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Series 2018-1 Noteholders under the Trust Indenture and Supplemental Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2018-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2018-1 Noteholders and upon all future holders of this Series 2018-1 Subordinated Note and of any Series 2018-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2018-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2018-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2018-1 Subordinated Notes are only issuable in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2018-1 Subordinated Note, the Trust Indenture and Supplemental Indenture, and all matters arising out of or relating to this Series 2018-1 Subordinated Note, the Trust Indenture or Supplemental Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and Supplemental Indenture and no provision of this Series 2018-1 Subordinated Note or of the Trust Indenture and Supplemental Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2018-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar

TERM
SUBORDINATED SERIES ~~[~~2018-1~~]~~
SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF DECEMBER ~~●,~~21, 2017

AND PROVIDING FOR THE ISSUE OF
●% SUBORDINATED NOTES DUE ●, SERIES 2018-1
OF FAIR HYDRO TRUST

Made as of ●, 2018

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2018-1 SUBORDINATED NOTES 2
2.1 Creation of Series 2018-1 Subordinated Notes 2
2.2 Principal Terms 2
2.3 Delivery ~~4~~**3**
2.4 Payment of Interest 4
2.5 Payment of Principal 4
2.6 ~~[~~Redemption and Repurchase 4
2.7 Indemnification by the Issuer ~~5~~**4**
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2018-1 Subordinated Notes 6
2.10 Delivery to Series 2018-1 Noteholder ~~7~~**6**
2.11 Acceleration Events 7

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 7
3.1 Representations and Warranties of the Issuer 7
3.2 Survival 7

ARTICLE 4 GENERAL 8
4.1 Acceptance of Trust 8
4.2 Confirmation of Trust Indenture 8
4.3 Indenture Trustee Not Bound to Act 8
4.4 Successor and Assigns 8
4.5 Specified Creditors 8
4.6 Waiver 9
4.7 Notice 9
4.8 No Waiver: Remedies 9
4.9 Entire Agreement 9
4.10 Governing Law and Attornment 9
4.11 Expenses ~~10~~**9**
4.12 Further Assurances 10
4.13 Limitation of Liability of Issuer Trustee 10
4.14 Execution in Counterparts ~~11~~**10**
4.15 Delivery of Executed Copies ~~11~~**10**

TABLE OF CONTENTS
(continued)

Page

●% SUBORDINATED NOTES DUE ●, SERIES 2018-1

THIS SUBORDINATED NOTES SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2018, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the "**Indenture Trustee**").

WHEREAS pursuant to the Trust Indenture dated as of December ~~●,~~ **21,** 2017 between the Issuer and the Indenture Trustee (as amended or restated from time to time, the "**Trust Indenture**"), provision was made for the issuance of Subordinated Notes from time to time in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Subordinated Notes designated as the ●% Subordinated Notes due ●, Series 2018-1 (the "**Series 2018-1 Subordinated Notes**");

AND WHEREAS the foregoing recitals are made as statements of fact by the Issuer and not by the Indenture Trustee.

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2018-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental

Indenture are applicable only in respect of the Series 2018-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2018-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2018-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2018-1 SUBORDINATED NOTES

2.1 Creation of Series 2018-1 Subordinated Notes

There is hereby created a Series of Subordinated Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●%Subordinated Notes due ●, Series 2018-1**."

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2018-1 Subordinated Notes will:

(a) be designated as set out in Section 2.1;

(b) be Subordinated Notes;

(c) not be divided into Tranches;

(d) be unlimited in principal amount but initially will have a Stated Principal Amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2018-1 Subordinated Notes may be increased after the date hereof without the consent of any ~~holder of~~ Series 2018-1 ~~Subordinated Notes~~**Noteholder** or any holder of any Notes of any other Class, Series or Tranche, but subject to satisfaction of the Rating Agency Condition;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued as a Registered Note in minimum denominations of $150,000 and integral multiples of 1,000;

(h) ~~(g)~~ be issued as definitive notes and will not be in the form of a Global Note; ~~**[NTD: To be confirmed.]**~~

(i) ~~(h)~~ be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(j) ~~(i)~~ bear interest at a rate of ●% per annum;

(k) ~~(j)~~ accrue interest from the later of: (i) ●, 2018 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Series 2018-1 Subordinated Notes;

(l) ~~(k)~~ have interest paid in equal semi-annual instalments ~~[~~(except the initial interest payment)~~]~~ on the Payment Dates occurring in the months of April and October in each year (each, an "**Interest Payment Date**") commencing with the Payment Date occurring in the month of ~~[~~April~~]~~, 2018 in respect of the Series 2018-1 Subordinated Notes issued prior to such date;

(m) ~~(l)~~ subject to the occurrence of an Acceleration Event, mature on, and have ●, 20●, as their sole Principal Payment Date with a principal payment amount on such Principal Payment Date equal to the then Outstanding Dollar Principal Amount of the Series 2018-1 Subordinated Notes;

(n) ~~(m)~~ have ●, 20● as their Principal Payment Default Date;

(o) ~~(n)~~ subject to the occurrence of an Acceleration Event, have ●, 20● as their Principal Accumulation Date;

(p) ~~(o)~~ subject to the occurrence of an Acceleration Event, have the following Principal Accumulation ~~Amount~~**Amounts** for each Payment Date on or after their Principal Accumulation Date:

Payment ~~Date~~Dates	**Principal Accumulation ~~Amount~~Amounts**
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●
Payment Date in the month of ●	$●

(q) ~~(p)~~ after the occurrence of an Acceleration Event and for so long as it continues, each Payment Date shall be a Principal Payment Date in respect of the Series 2018-1 Subordinated Notes and the full Outstanding Dollar Principal Amount of the Series 2018-1 Subordinated Notes shall be due and payable on each such Payment Date;

(r) ~~(q)~~ have a Record Date for each Interest Payment Date that is the last day of the calendar month preceding each Interest Payment Date; **and**

(s) ~~(r)~~ ~~[~~be redeemable and subject to repurchase as provided in Section 2.6 below~~]~~; ~~and~~ ~~(s) [not be subject to defeasance as contemplated by Section 2.08 of the Trust~~

~~Indenture] [be subject to defeasance in accordance with Section 2.08 of the Trust Indenture]~~.

2.3 Delivery

On the date of issuance of the Series 2018-1 Subordinated Notes, Series 2018-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any ~~taxes~~**Taxes** required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2018-1 Subordinated Notes) will on each Interest Payment Date, make payment of such interest, less any ~~taxes~~**Taxes** required by law to be deducted or withheld, by wire transfer to each ~~holder of a~~ Series 2018-1 ~~Subordinated Note~~**Noteholder** as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2018-1 Subordinated Note to the extent of the sum represented thereby (plus the amount of any ~~taxes~~**Taxes** deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a **Series 2018-1** Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of ~~holders of~~ Series 2018-1 ~~Subordinated Notes~~**Noteholders** on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2018-1 Subordinated Notes to the extent of the sum represented thereby.

2.6 ~~[~~Redemption and Repurchase

~~[NTD: Redemption features to be discussed.]~~

(a) Subject to the terms of Section 13.24 of the Trust Indenture, at any time prior to ~~●, 20●~~ ~~[par call date]~~**the Par Call Date**, the Issuer may redeem the Series 2018-1 Subordinated Notes in whole or, from time to time, in part, on payment of a ~~redemption price~~**Redemption Price** equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2018-1 Redemption Date. At any time on or after ~~●, 20●~~ ~~[par call date]~~**the Par Call Date**, the Issuer may redeem the Series 2018-1 Subordinated Notes in whole or, from time to time, in part, on payment of a ~~redemption price~~**Redemption Price** equal to par, together with accrued and unpaid interest to the Series 2018-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption, and will provide a copy of such notice to DBRS **and**

Moody's upon the issuance thereof. Less than all of the Series 2018-1 Subordinated Notes may be redeemed, if so redeemed, in accordance with Section 4.10 of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2018-1 Subordinated Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Less than all of the Series 2018-1 Subordinated Notes may be purchased, if so purchased, for cancellation in accordance with Section 4.11 of the Trust Indenture.

~~(c) The Series 2018-1 Subordinated Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions.]~~

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2018-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section 7.04 or Section 8.13 of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any

withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 2.8(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2018-1 Subordinated Notes

On or prior to the initial issuance of Series 2018-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The representations and warranties set forth in **Section 12.01 of the Trust Indenture and** Section 3.1 of this Supplemental Indenture shall be true and correct in all material respects, **and** the Issuer shall be in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party.

(c) The Indenture Trustee shall have received (i) the Adherence Compliance Certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

2.10 Delivery to Series 2018-1 Noteholder

Promptly following the issuance of the Series 2018-1 Subordinated Notes, the definitive notes representing the Series 2018-1 Subordinated Notes shall be delivered to the Series 2018-1 Noteholders (or as they may direct).

2.11 Acceleration Events

If a Series 2018-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02(a) of the Trust Indenture, the Series 2018-1 Noteholders may by Ordinary Resolution (with notice of such Ordinary Resolution being provided to the Issuer and the Indenture Trustee) determine to declare the Outstanding Dollar Principal Amount of the Series 2018-1 Subordinated Notes and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary. The Issuer shall give prompt written notice to DBRS **and Moody's** of the occurrence of an Acceleration Event.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2018-1 Noteholder that:

(a) no Termination Event has occurred or would result from the purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

3.2 Survival

The representations and warranties set out in this Article 3 shall survive the execution hereof.

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

The Indenture Trustee accepts the trusts in this Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Supplemental Indenture and in accordance with the Trust Indenture.

4.2 Confirmation of Trust Indenture

The Trust Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

4.3 Indenture Trustee Not Bound to Act

The Indenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Indenture Trustee, in its sole judgment, acting reasonably, determines that such act may cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline. Further, should the Indenture Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Supplemental Indenture has resulted in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline, then it shall have the right to resign pursuant to the terms of Section 9.07 of the Trust Indenture, provided that (i) the Indenture Trustee's written notice of resignation shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2018-1 Noteholders) hereby acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and

their entitlements as ~~a~~ Specified ~~Creditor~~**Creditors** are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments to be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (**The** Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (**Preservation of Information;** Communications to Specified Creditors) and Section 16.01 (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2018-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2018-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

4.11 Expenses

The Issuer agrees to pay on demand to the Indenture Trustee: (a) all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture; (b) all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and (~~iii~~**c**) all reasonable costs and expenses (including reasonable fees and expenses of counsel), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2018-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by facsimile or other electronic transmission of a manually signed counterpart.

4.15 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[~~signature~~Signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, ~~as Issuer Trustee~~**in its capacity as trustee** of **FAIR HYDRO TRUST**, **as Issuer,** by ~~its Manager,~~ **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee **and not in its individual capacity**

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Outstanding Dollar Principal Amount of the Series 2018-1 Subordinated Notes and all interest accrued and unpaid thereon is declared to be due and payable under Section 2.11.

"**AEOI Legislation**" has the meaning specified in Section 2.8(a).

"**Excluded Taxes**" has the meaning specified in Section 2.8(a).

"**FATCA**" has the meaning specified in Section 2.8(a).

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Subordinated Notes to be redeemed, the yield from the Series 2018-1 Redemption Date to ~~● [par call date]~~**the Par Call Date**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ~~● [par call date]~~**the Par Call Date** (calculated from the Series 2018-1 Redemption Date) ~~of the Series 2018-1 Subordinated Notes~~, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

"Indenture Trustee" has the meaning specified in the recitals of this Supplemental Indenture.

"**Interest Payment Date**" has the meaning specified in Section 2.2(l).

"Issuer" has the meaning specified in the recitals of this Supplemental Indenture.

"**Issuer Indemnified Person**" has the meaning specified in Section 2.7.

"Par Call Date" means ■, 20■.

"**Recipient**" has the meaning specified in Section 2.8(a).

"**Requisite Series 2018-1 Noteholders**" means Series 2018-1 Noteholders holding, in aggregate, at least ~~[~~50~~]~~% of the Series 2018-1 Subordinated Notes then Outstanding.

"Series 2018-1 Canada Yield Price" means a price equal to the price of the Series 2018-1 Subordinated Notes calculated to provide a yield to ~~● [par call date]~~**the Par Call Date**, compounded semi-annually and calculated in accordance with generally accepted Canadian

financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2018-1 Redemption Date specified in the notice of redemption delivered pursuant to Section 4.10 of the Trust Indenture **and Section 2.6 of this Supplemental Indenture**, plus ●%.

"**Series 2018-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2018-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2018-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2018-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 3.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2018-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2018-1 Event of Default), and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Series 2018-1 Noteholder, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Series 2018-1 Noteholder is materially and adversely affected and continue to be materially and adversely affected during the 60-day period; or

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Subordinated Funding Obligations.

"**Series 2018-1 Noteholder**" means a Person in whose name a Series 2018-1 Subordinated Note is registered in the Note Register.

"**Series 2018-1 Redemption Date**" means a date fixed for redemption of the Series 2018-1 Subordinated Notes pursuant to Section 4.10 of the Trust Indenture and Section 2.6 of this Supplemental Indenture.

"**Series 2018-1 Subordinated Note**" means any one of the Series 2018-1 Subordinated Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

"**Supplemental Indenture**" means this Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Termination Event**" means any Acceleration Event **or Series 2018-1 Event of Default,** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2018-1 Event of Default**.

"Trust Indenture" has the meaning specified in the recitals of this Supplemental Indenture.

SCHEDULE B

[FORM OF NOTE]SERIES 2018-1 SUBORDINATED NOTE

FAIR HYDRO TRUST
(A trust established under the laws of the Province of Ontario)

● % SUBORDINATED NOTE DUE ●, SERIES 2018-1

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017, for value received, hereby promises to pay the principal sum of $● to the registered holder hereof on ●, 20● (the "Principal Payment Date") or on such earlier date as the principal amount hereof may become due, in accordance with the provisions set forth in the Trust Indenture and the Supplemental Indenture. The Issuer will pay interest on the outstanding principal amount of this Series 2018-1 Subordinated Note in accordance with Section 2.4 of the Supplemental Indenture on each Interest Payment Date (as defined below) at the rate of ●% per annum in equal semi-annual instalments on the Payment Dates occurring in the months of April and October in each year (each, an "Interest Payment Date") commencing on April ●, 2018 (provided that the initial interest payment payable on April ●, 2018 will be in an aggregate amount equal to $● per $1,000 principal amount) until the principal of this Series 2018-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental Indenture. The principal of and interest on this Series 2018-1 Subordinated Note are payable in Canadian dollars.

Beginning on the first Payment Date following the occurrence of an Acceleration Event, the principal of this Series 2018-1 Subordinated Note shall be paid in full on each such Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2018-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

Reference is made to the further provisions of this Series 2018-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2018-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture and Supplemental Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2018-1 Subordinated Note does not purport to summarize the Trust Indenture and Supplemental Indenture and reference is made to the Trust Indenture and Supplemental Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. In the event that there is any inconsistency between the provisions of the Trust Indenture or Supplemental Indenture and the provisions hereof, the provisions of the Trust Indenture and Supplemental Indenture shall govern. Capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Trust Indenture and Supplemental Indenture. Copies of the Trust Indenture and Supplemental Indenture may be requested from the Indenture

Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2018-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture and Supplemental Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2018-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

Dated: _____●, 2018

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the ●% Subordinated Notes due ●, Series 2018-1 described in the within-mentioned Trust Indenture and Supplemental Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Authorized Signatory

By:

Authorized Signatory

FAIR HYDRO TRUST

●% SUBORDINATED NOTES DUE ●, SERIES 2018-1

Summary of Terms and Conditions

This Series 2018-1 Subordinated Note is one of a duly authorized Series of Subordinated Notes of the Issuer, designated as the ●% Subordinated Notes due ●, Series 2018-1 (the "Series 2018-1 Subordinated Notes"), issued under a trust indenture dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Trust Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Trust Indenture), as amended and supplemented by the Subordinated Series 2018-1 Supplemental Indenture, dated as of ●, 2018 (the "Supplemental Indenture"), and representing the right to receive certain payments from the Issuer. Except as set forth in the Supplemental Indenture, the Series 2018-1 Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2018-1 Subordinated Note and not otherwise defined herein shall have the meanings assigned to them in or pursuant to the Supplemental Indenture.

The Series 2018-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"Payment Date" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on April 15, 2018.

As described above, all amounts payable on maturity with respect to this Series 2018-1 Subordinated Note shall be due and payable on the Principal Payment Date, in accordance with Section 2.5 of the Supplemental Indenture. All principal payments of the Series 2018-1 Subordinated Note shall be deposited with the Indenture Trustee.

Payments of interest on this Series 2018-1 Subordinated Note are due and payable on each Interest Payment Date or such other date as may be specified in the Supplemental Indenture by wire transfer to each Series 2018-1 Noteholder as of the Record Date. Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Series 2018-1 Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

The Series 2018-1 Subordinated Notes are redeemable in accordance with Section 2.6 of the Supplemental Indenture and Section 4.10 of the Trust Indenture.

The Indenture Trustee (on behalf of each Series 2018-1 Noteholder), acknowledges and agrees that the Series 2018-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as Specified Creditors are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13

(Payment Priorities), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Preservation of Information; Communications to Specified Creditors) and Section 16.01 (No Petition).

The Trust Indenture and Supplemental Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Series 2018-1 Noteholders under the Trust Indenture and Supplemental Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2018-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2018-1 Noteholders and upon all future holders of this Series 2018-1 Subordinated Note and of any Series 2018-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2018-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2018-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2018-1 Subordinated Notes are only issuable in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2018-1 Subordinated Note, the Trust Indenture and Supplemental Indenture, and all matters arising out of or relating to this Series 2018-1 Subordinated Note, the Trust Indenture or Supplemental Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and Supplemental Indenture and no provision of this Series 2018-1 Subordinated Note or of the Trust Indenture and Supplemental Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2018-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

REGISTRATION PANEL

(No writing on this panel except by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar

Document comparison by Workshare Compare on January-05-18 11:07:31 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtemp2e5c\Fair Hydro - Term - Subordinated Supplemental Indenture.docx
Description	Fair Hydro - Term - Subordinated Supplemental Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\New folder\Subordinated Supplemental Indenture.docx
Description	Subordinated Supplemental Indenture
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	108
Deletions	79
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	187

From: John Kim
To: Ronald Kwan
Cc: Shajee Kathirgamanathan
Subject: FW: OPG senior debt
Date: Friday, June 01, 2018 1:14:20 PM
Attachments: Debt Funding - Tracking Sheet_v4_ForEnergy.xlsx

Hi Ron,

Pls. see attached now very detailed information. We will share with Energy shortly. We have a pretty good handle on things now.

Pls. let us know if you have any comments.

Thanks,

John

From: Carlos Yep
Sent: Friday, June 01, 2018 11:12 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: OPG senior debt

Hi
That is almost par. So the coupon and yield are almost the same.
C

Sent from my iPhone

On Jun 1, 2018, at 10:16 AM, Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca> wrote:

> Hi Carlos,
>
> Thanks for this information below about the FHT debt.
>
> We noticed that the issue price for the Senior Debt was 100.003 and 100.002 for the Feb 6 and April 19 bonds respectively.
>
> Just want to confirm if this is relevant for our assessment; we're trying to assess the interest rates with commission.
>
> By my logic the if issue price were above 100.00, then the bonds were priced above par, sold at a premium and the actual yield would be less than the interest/coupon rate. Would this make sense?

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Carlos Yep <Carlos.Yep@ofina.on.ca>
Date: May 31, 2018 at 4:36:02 PM EDT
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG senior debt

John,
No, the commission was not included. Commission on the 2038 bonds was $0.55

15May2033 $500M 3.357% priced on 06Feb2018 at GoC2033 + 91.9
15may2038 $400M 3.520% priced on 19Apr2018 at GoC2037 + 107.6

Regards
Carlos

-----Original Message-----
From: John Kim
Sent: Thursday, May 31, 2018 4:24 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: OPG senior debt

Hi Carlos,

On April 24 and in February when the senior debt was issued, we got the rates at which the notes were issued. Would you know if the rate would be inclusive of commission or if not what the commission would be?

I am offsite so cannot chat.

John

Sent from my iPhone

<sg2018053159339.gif>

<sg2018053159311.gif>

Summary:

Total Funding	Term Debt Takeout
Senior debt	900,000,000.00
Subordinated	688,235,000.00
Junior subordinated	176,471,000.00
Total	**1,764,706,000.00**

Fair Hydro Trust

Date Issued*	Fair Hydro Trust Debt Type*	Principal Amount* ($)	Coupon Rate*	Maturity Date*	Series Number*	Term to Maturity [Years]	Issue Price [per $100 Principal]*	Issue Discount/(Premium) [per $100 Principal]	Commission [per $100 Principal]*	Commission and Issue Discount/(Premium) [Per $100 Principal]	Commission and Issue Premium/Discount [semi-annual rate]	Yield at Issue (w/ Commission, w/ Discount/Premium)
February 9, 2018	Senior debt	500,000,000	3.357%	May 15, 2033	2018-1	15.27	100.003	(0.003)	0.500	0.497	0.042%	3.39887%
February 9, 2018	Subordinated	382,353,000	3.637%	May 15, 2033	2018-1	15.27	100.000	-	-	-	0.000%	3.63700%
February 9, 2018	Junior subordinated	98,040,000	3.957%	May 15, 2033	2018-1	15.27	100.000	-	-	-	0.000%	3.95700%
April 24, 2018	Senior debt	400,000,000	3.520%	May 15, 2038	2018-2	20.06	100.002	(0.002)	0.550	0.548	0.038%	3.55832%
April 24, 2018	Subordinated	305,882,000	3.834%	May 15, 2038	2018-2	20.06	100.000	-	-	-	0.000%	3.83400%
April 24, 2018	Junior subordinated	78,431,000	4.214%	May 15, 2038	2018-2	20.06	100.000	-	-	-	0.000%	4.21400%

Issuing Date	Weighted Average Coupon Rate	Weighted Average Yield at Issue
February 9, 2018	3.526%	3.548%
April 24, 2018	3.712%	3.731%
Total	**3.609%**	**3.629%**

Ontario Bond Yields

30 yr yields		Yields reflective of Debt's Maturity			
30yr**	30yr w/ Commission**	Debt Issue Maturity**	Ont Rate**	Ont Rate - w/ Commission**	Notes
3.23%	3.25%	15 year	3.10%	3.14%	Feb 9 Rate, Simple average between 10 and 20 year rates.
3.23%	3.26%	20 year	3.22%	3.25%	Apr 24 Rate

**Source: Fair Hydro Plan - Deliveries under Change of Law Process Agreement, February 8, 2018 and April 23, 2018.*

***Source: Corporate Finance Branch Interest Rate Snapshot based on ScotiaBank daily reports, semi-annual rate estimates. Commissions are for dealers, based on historical one-time estimate. Subject to revision. Excludes additional costs Province may charge for on lending purposes.*

From: John Kim
To: Ronald Kwan
Subject: FW: Preparing the Financing Plan
Date: Friday, September 15, 2017 8:55:02 AM
Attachments: 23156513-v2-Financing Plan Outline.DOCX

Fyi. Noticed you were not copied.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, September 14, 2017 6:17 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Subject: Preparing the Financing Plan

Hi,

John Lee reached out to me earlier in the week to discuss how refinancings would be expected to operate under the Financing Plan. That led to a broader conversation about the role of the Financing Plan under the OFHPA, its purpose and contents. It seemed clear from that conversation that OPG is struggling with what is expected/required under the legislation in relation to the Financing Plan.

The Financing Plan is the mechanism under the OFHPA that disciplines the funding and related decisions to be undertaken by OPG under the legislation. While the General Regulation provides some guidance, it does not provide a roadmap of key considerations that will impact whether the root purposes of the legislation (e.g., fairness, alignment and efficiencies) are achieved. While the OFHPA clearly places the obligation to create the Financing Plan on OPG's shoulders, the contents will be key to whether the Province's objectives will be achieved.

Attached is an internal outline we prepared to scope out the sorts of things that the Financing Plan should probably address – based on the terms of the legislation and regulation as well as having regard to the broader themes of the legislation in the capital markets context. You may wish to consider whether sharing the Province's expectations and perspectives with OPG in this sort of way would be constructive and help to break through the barriers that seem to exist in OPG preparing the Financing Plan.

Please note that this version is not complete or particularly refined, but nevertheless I hope it is instructive a possible starting point, to the extent the Province wishes to step in on this.

I will be pleased to discuss this with you if it makes sense.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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Financing Plan

A. Background

1. The OFHPA

Subsection 22(1) of the *Ontario Fair Hydro Plan Act* (OFHPA) requires the Financial Services Manager (FSM) to ensure that funding obligations are only incurred in a manner consistent with the Financing Plan. Under subsection 21(1) of the OFHPA, the FSM is required to prepare the Financing Plan in writing to evaluate whether potential funding obligations should be incurred by a financing entity (FE) to finance or refinance an investment interest.

Other than the principles described in subsection 21(3) of the OFHPA, the limitations set forth in subsection 21(4) of the OFHPA and the more detailed principles and assumptions set out in section 14 of the General Regulation, the OFHPA and the General Regulation offer limited guidance to OPG in preparing the Financing Plan.

The objectives of the Financing Plan can be discerned from the applicable purposes and principles described in the OFHPA, including:

- the overall purpose of the OFHPA set forth in section 3 of the OFHPA, including:
    - to ensure a fair allocation of clean energy costs and benefits over time
    - to align clean energy costs with clean energy benefits to achieve fairness over time
- subsection 21(3) of the OFHPA, including:
    - the reasonable alignment of actual plus estimated finance amounts becoming due and payable during a reference period with the applicable “fair allocation amount” (FAA) for the reference period (subject to any applicable readjustment amount)
    - incurrences that are “reasonable”, “cost effective” and “reflect prevailing market terms and conditions”.

Subsection 14(1) of the General Regulation specifically directs the FSM to make “reasonable assumptions” regarding a list of items; namely:

- IESO deferrals for future months, based on the most recent calculation of the FAA
- future transfers of specified portions of the regulatory asset
- maturities of funding obligations
- cash flow requirements to meet contractual obligations associated with funding obligations
- descriptions of current funding options, including terms and conditions
- descriptions of currency and interest rate hedging programs, if applicable

- financing entity expenses
- interest rates
- the need for and the establishment of financing reserve accounts and capital accounts.

Subsection 14(2) of the General Regulation lists additional principles applicable to preparing the Financing Plan; namely:

- seeking the best terms available at the time of incurrence of a funding obligation, having regard to other financing transactions of the size and type contemplated by the Financing Plan
- applying the principal proceeds of a funding obligation for the purpose of repaying or redeeming debt or for the purposes of paying the purchase price for investment interests
- considering the interests of specified consumers with respect to stable and predictable electricity rates
- acting as any reasonably prudent financial services manager would act in similar circumstances
- dealing with related parties on arm's length terms.

2. Basic Functions of the Financing Plan

The Financing Plan should establish the approach, parameters and methods that will apply to the FSM in elaborating on and achieving the broad principles set out in the OFHPA and the General Regulation, which will more specifically define the FSM's activities in connection with financings. As such, the Financing Plan will set out an objective basis for establishing and corroborating reasonable expectations and practices considered by the FSM, and disclosed to the Minister of Energy, as being appropriate to achieve fairness and efficiency in the implementation of the anticipated funding platform. From OPG's perspective, the Financing Plan serves to establish the basis to demonstrate that it has discharged its duties and obligations as FSM, even if the actual outcomes obtained by following and reasonably applying the principles, approach, parameters and methods set out in the Financing Platform differ from those contemplated in the OFHPA.

Broadly, the matters for consideration in developing the Financing Plan include: establishing and prioritizing the key objectives contemplated in subsection 21(3) of the OFHPA; mitigating identified risks that run counter to the Financing Plan; establishing the basis for modelling and forecasting financing decisions; establishing the basis for settling the terms and conditions of funding obligations; achieving best available pricing; avoiding potential conflicts of interest; and anticipating key variables and the impact of potential changes of circumstance.

B. Anticipated Contents of the Financing Plan

The following is an overview of some specific considerations that should be addressed in the Financing Plan (and in turn in establishing and implementing a related capital markets platform

for any financing entity), in furtherance of the purposes and principles contemplated in the OFHPA and section 14 of the General Regulation:

1. Key Objectives

    a. Alignment to Achieve Fairness – A key presumption of the OFHPA is that funding obligations will be incurred so that finance amounts for a reference period (i.e., payments and repayments in relation to funding obligations) will approximate the applicable FAA for the reference period. If finance amounts are less than the FAA for a reference period, the amount of clean energy adjustments for that period will under-shoot the economic model, with the result that specified consumers in that reference period would not bear their fair share of the clean energy costs. Aside from issues of unfairness that would arise, the "capacity" of the financing model could be adversely affected to the extent that finance amounts undershoot the applicable fair allocation amounts. On the other hand, if finance amounts are greater than the FAA for a reference period, the amount of clean energy adjustments for that period will exceed the fair level, resulting in the ratepayers of that period bearing a disproportionate burden of the clean energy costs. The Financing Plan should specifically develop and document the forethought and diligence required to be applied by the FSM to achieve the alignment objective.

    b. Efficiency – Inherent in the FSM's role is a decision-making function that requires the FSM to apply judgment as to whether the incurrence of a particular funding obligation and mitigation strategy is reasonable, cost effective and reflective of market terms and conditions (if applicable), having regard to then current circumstances, expected outcomes, available alternatives and the overall alignment and fairness objectives. The Financing Plan should be responsive to the need to balance efficiency considerations (e.g., costs to be passed on to ratepayers as clean energy adjustments) against the absolute achievement of the alignment objective. In other words, mitigating every conceivable risk and managing the capital markets program in order to achieve a perfect alignment could be unduly costly, limiting and impractical. Recognizing this, the Financing Plan may contemplate outer boundaries, within which there would be "reasonable alignment" as contemplated in paragraph 1 of subsection 21(3) of the OFHPA (i.e., within some reasonable range of proximity to the applicable FAA), and outside of which there would be an unacceptably disproportionate bearing of clean energy costs by the ratepayers of a particular reference period. For example, if a reasonable assessment of a particular risk would suggests that future finance amounts for a reference period may fall outside of the 'reasonable range' relative to the applicable FAA for the reference period, the Financing Plan may, notwithstanding the associated costs, require mitigation of that risk to ensure that those finance amounts stay within that reasonable range in order to avoid what would otherwise be a patently unfair allocation of clean energy costs to the ratepayers of that particular reference period. Specific examples of that sort of trade-off and mitigation scenario are contemplated below.

2. Risk Mitigation

    a. Duration Mismatch Risk – There is an inherent duration mismatch between available cash flows (from clean energy adjustments – limited by FAAs, which

are expected to not become positive until around 2027) and repayment terms (i.e., since >10 year maturities for CAD "amortizing" structured financing instruments would be limited, warehousing, liquidity and refinancing requirements should be anticipated). The Financing Plan should set out the FSM's plan to address the duration mismatch, including by considering the availability of third party standby liquidity facilities or mandatory extendable terms. The Financing Plan should refer to the schedule of FAAs and address how debt is anticipated to be incurred to fund anticipated IESO deferrals in order to address and mitigate the duration mismatch risk. Among other things, if the FSM determines that short maturing debt can be incurred in circumstances where a refinancing is reasonably anticipated, consideration should be given to spread maturities so that if a market disruption were to occur the payment impact on a particular group of ratepayers (i.e., through excessive CEAs, corresponding to a forced repayment of principal amounts otherwise refinanced) would be mitigated. For example, it may be appropriate to incorporate a shadow FAA concept (e.g., FAA + Factor)), such that in setting maturities for debt incurred on the assumption that refinancings would be possible, principal repayments in any reference period resulting from a market disruption would nevertheless not exceed such shadow FAA.

b. Depth of Market and Concentration Risk – The FSM should broadly explore potential funding sources and the relative costs and benefits of each. An assessment of each rated, capital markets source of funding should take into account the all-in costs of structuring and implementing such a financing transaction (including the costs associated with a senior/subordinated capital structure, currency and interest rate hedging, credit enhancements, liquidity reserves, underwriting commissions, rating agency and other incidental costs, etc.) and the relative availability of replacement financing transactions on similar terms, to the extent there is a duration mismatch based on the tenor of the capital markets instruments available to be issued. Private market alternatives (such as one-off or facility-based fundings by institutional investors, such as pension funds and insurance companies) should be considered as a source of primary funding or alternatively in connection with possible take-out fundings. The expected cost, availability, liquidity and priorities associated with acquiring hedging instruments, in order to mitigate currency exposures arising under fundings in currencies other than CAD, should be taken into account. The Financing Plan should describe the basis on which the FSM will evaluate each source of funding and the relative importance of identified decision criteria. The financing alternatives contemplated by the Financing Plan should be robust and allow for migration from one funding source to another, based on availability and reasonably foreseeable changes in circumstances. The diversification of funding sources should be considered a significant objective of the Financing Plan, including to address market capacity issues arising on further financings and refinancings.

c. Currency Mismatch Risk – If the payments arising under a funding obligation or any related finance amounts becoming payable are to be denominated in a currency other than CAD, the FSM should hedge that obligation to reflect an equivalent CAD value payment based on the relevant foreign exchange rates prevailing at the time funding obligation is incurred. The type of hedging instruments acquired for this purpose should be selected based on counterparty credit considerations, relative pricing and costs, liquidity considerations, terms

and conditions and the availability of replacement hedge counterparties to the extent there is a mismatch in the tenor of the instrument or to address early termination scenarios.

d. Interest Rate Risk – The interest costs applicable to outstanding funding obligations will be passed directly through to ratepayers as CEAs. The Financing Plan should establish objectives and parameters to guide FSM decisions made to mitigate potential interest rate volatility and increases over time, including in connection with any anticipated refinancing of outstanding funding obligations. The smoothing of interest costs passed through to ratepayers across generations should be a guiding principle, although attainment should be measured against the period costs of acquiring appropriate hedges to mitigate future interest rate changes. The parameters may, for example, set boundaries (e.g., collars or straddle strategies) in order to hedge against extreme interest rate movements, to the extent they could result in very significant increases in the funding costs to be passed through to ratepayers in a future generation.

e. Counterparty Risk – To the extent that the timely payment of funding obligations will depend on performance by one or more third parties (e.g., swap counterparties, liquidity providers or obligors under unfunded credit enhancement arrangements), the availability and cost of replacement providers should be considered at the time of incurrence and significant risks of materially increased costs or the potential unavailability of obtaining alternative providers should be considered and mitigated wherever possible if cost effective. For large, concentrated counterparty positions, a credit risk management model should be adopted to measure and mitigate counterparty exposure, including by requiring the posting of collateral margin against the market value of obligations owing from the counterparty from time to time. Overall counterparty concentration limitations, applicable across related entity groups, should be adopted so that large counterparty obligations are bifurcated or syndicated in order to stay within such limits.

f. Cash Flow Shortfall Risk – To the extent that clean energy adjustments may be insufficient to meet funding obligations (e.g., due to a potential delay in recovering shortfalls through the “true-up” mechanism), cash reserves and the implied costs associated with “negative carry” on cash deposits should be considered.

3. Contingency Planning – On-going contingency planning and risk reassessment should be undertaken to evaluate and respond to identified risks. The Financing Plan should establish a calendar for and list of action items to periodically review and assess identified risks; assess the likelihood of extreme scenarios arising; and consider alternative methods of risk mitigation, given the relative costs and benefits and implementation requirements.

4. Modelling and Forecasting Requirements

a. Estimates and Forecasting – Financial estimates should address both expected outcomes and reasonably foreseeable circumstances and attendant volatilities. Probability assessments and valuations should be based on best available statistical and market information and utilize generally accepted statistical

modelling and valuation methods and conventions. The Financing Plan should set out and describe the basis for all significant underlying assumptions. Macro economic considerations should be assessed based on available market data and trends. If the alignment of potential finance amounts could significantly vary from an applicable FAA for a reference period depending on the accuracy or realization of such assumptions, contingency planning and risk mitigation assessments should be undertaken based on best available estimates and forecasts in order to develop mitigation strategies to limit the effect of mismatches and variability.

b. Reliance on Experts – The FSM should engage recognized experts in relation to any aspect of the modelling, estimating, valuing and forecasting activities contemplated by the Financing Plan wherever the FSM does not have satisfactory internal capabilities. Experts should be engaged specifically for the purposes contemplated by the Financing Plan and their work should be separated from and accounted for separately from any other engagements undertaken for the FSM for it own account.

c. Frequency of Updates and Revisions – Significant estimates, valuations and forecasts should be updated not less frequently than [quarterly]. Models should be updated and rerun not less frequently than [quarterly].

d. Recalculation of "fair allocation amounts" – If the FAAs are recalculated (as contemplated in subsection 20(5) of the OFHPA), future incurrences will be affected. While past incurrences and related clean energy adjustments are unaffected by such a recalculation, under subsection 22(4) and subsection 20(6) of the OFHPA, respectively, the recalculated FAAs would affect the funding and related decisions of the FSM going forward. Accordingly, the FSM will need to adapt and adjust the Financing Plan upon any FAA recalculation, and reflect such changes in relation of future incurrences. Importantly, such changes would impact refinancings of existing debt, except (arguably) if a refinancing commitment is in place before the FAA change takes effect.

e. Readjustment Amounts – Similar to where FAAs are recalculated (described above), future incurrences may be affected by any Part II rate adjustment that results in a readjustment amount that is impactful under subsection 21(3)1. Unlike for FAA recalculations, the OFHPA does not expressly state that past incurrences and related clean energy adjustments are unaffected by such a readjustment amount. Accordingly, any applicable readjustment amount will affect the funding and related decisions of the FSM going forward and so the FSM will need to adapt and adjust the Financing Plan to address the consequences of such a readjustment amount, including any refinancings of existing debt.

f. Funding Rebates – [CONSIDER RELEVANCE AND IMPACT OF "FUNDING REBATES" ON THE FINANCING PLAN, ONCE THAT CONCEPT IS FLESHED OUT]

5. Negotiating Terms and Conditions

a. Risk Mitigation – The Financing Plan should specifically contemplate appropriate risk mitigation alternatives and the steps to be undertaken by the FSM to assess suitability and feasibility. Among other things, liquidity, funding and hedging instruments should address counterparty creditworthiness assessments, incorporate appropriate early termination events, permit key supplier replacement and portability arrangements and take account of variability of underlying measurements and the related impact on funding.

b. Potential Impact of Episodic Events on Alignment – The Financing Plan should identify possible events that could lead to a significant misalignment and the terms of funding obligations should anticipate terms and conditions capable of avoiding or reducing such misalignment. Examples include market disruption events impacting refinancing alternatives; cross-defaults due to external causes (such as third party defaults) leading to acceleration or an inability to refinance; optionality granted to counterparties that could lead to a significant misalignment on exercise. Such terms should be avoided wherever possible.

c. Avoidance of Balloon Repayment Terms – In settling debt maturities, terms and conditions, the Financing Plan should direct the FSM to avoid terms that could result in a significant portion of outstanding debt obligations becoming due and payable in any single reference period. For example, default and acceleration scenarios should not allow for immediate repayment if the result (as a result of cross default/ cross acceleration provisions, etc.) could be that the ratepayers of a particular reference period would bear a disproportionate obligation for repayment through CEAs. Rather, the amounts payable in such a default and acceleration scenario should be limited so that finance amounts for a reference period are not significantly out of alignment with the FAA amount applicable at the time the funding obligation is incurred (as contemplated by OFHPA 21(3)1).

d. Pricing Considerations – The Financing Plan should specify the basis for evaluating whether agreed upon prices (i.e., interest rates; options; fees and commissions; etc.) are consistent with market terms and conditions. For example, bond pricing based on ratings and having regard to an ample number of market quotations by way of prescribed minimums. If no market exists, pricing should be based on valuation procedures and conventions that do not exaggerate the economic impact of considerations such as illiquidity and thin trading scenarios, strategic behaviour scenarios and conflicts of interest.

e. Consideration of Available Markets – The Financing Plan should direct the FSM (itself or with help from a suitable market intermediary) to thoroughly examine market alternatives for FE debt issuances, hedges, services, etc., and establish parameters to evaluate the depth and availability of each alternative. Non-Canadian markets, as well as non-structured finance market segments within Canada should be considered in light of proposed terms and conditions and suitability, demand and sophistication of each investment segment for products like the proposed FE debt, etc.

f. Subordinated Debt Issuances – The Financing Plan should specify the process by which an efficient level of “subordinated debt” is established, having regard to the entire FE capital structure, and by which the interest rates and other financial terms and parameters for subordinated debt will be established. The process

should involve a purposeful and focused evaluation of the differences between the terms and conditions of senior obligations and subordinated debt in order to ensure that market participants involved in providing prices (including through a dealer poll, if applicable) have a proper understanding of the specific risks associated with the subordinated debt of an FE relative to its senior obligations and the circumstances in which such risks may arise. Measures to address the conflicts of interest inherent in OPG acquiring subordinated debt should be addressed and rigorously observed.

g. Trading Liquidity – The Financing Plan should evaluate the benefits of promoting an active trading market for FE debt obligations (e.g., increased liquidity leading to a robust market for new issuances of FE debt), and take such benefits and any related costs (e.g., prospectus and "public" costs) into account in evaluating prospective market outlets for FE debt.

h. Redemption Rights, Liquidity Facilities and Funding Reserves – The direct and indirect economic costs of redemption and extension privileges and third party standby liquidity arrangements should be fully evaluated. These arrangements may be useful to address primary alignment considerations, but may come at a high cost and so may not achieve the efficiency objectives or be appropriate.

i. Currency and Interest Rate Hedging – The terms and conditions of any options, swaps or other derivatives and related use strategies should provide flexibility to adjust to changing expectations, market circumstances and internal considerations (e.g., variability in cash flows from CEAs). Terminations premiums and acceleration terms leading to potential mismatches or voids should be avoided.

j. Application of Cash Flows – All undertakings by an FE must observe the special purpose and bankruptcy remoteness restrictions applicable in the circumstances. Among other things, all payment obligations should be satisfied from a common "priority of payments waterfall" applicable to the FE under its issuing documentation. Priority of payment entitlements for a counterparty should be consistent with market conventions and negotiated to maximize the efficiency of the FE's capital structure. Cross-collateralization and cross defaults between tranches of debt intended to be serviced by separate investment interests should be avoided.

k. Ratings – [CONSIDER]

l. Incurrence of Expenses – The Financing Plan should establish an approval process that ensures that the costs and expenses incurred for or on behalf of the FE are rigorously scrutinized and negotiated to achieve cost efficiency. Expenses incurred and attendant benefits must be separated from expenses and benefits incurred for OPG on its own behalf.

m. Reliance on Provincial Support Arrangements – The terms and conditions of FE undertakings must take account and enable the step-in rights or termination rights and other optionality contemplated in relation to the Province's protection and assurances arrangements (e.g., see "Optional Replacement" in the current Term Sheet).

n. Arm's Length Considerations – [CONSIDER IF THERE IS A PROCUREMENT POLICY OR OTHER GOVERNMENT CONFLICTS OF INTEREST POLICY THAT SHOULD APPLY. THIS OUTLINE SHOULD PROBABLY SPECIFICALLY ADDRESS THE MANNER OF PRICING SUB DEBT ACQUIRED BY OPG, FSM FEES AND CHARGES, SEPARATENESS OF SERVICES ARRANGEMENTS (FROM OPG'S OWN) AND OBJECTIVE MEASURES TO ASSESS PROPRIETY AND CONFIRM BY PERIODIC AUDIT)]

6. Specific Matters – The OFHPA contemplates or implies that the Financing Plan will be responsive to certain specific matters, including:

   a. Organization of Financing Entities – Subsection 22(2) of the OFHPA contemplates that FEs will be established in accordance with the Financing Plan. Matters for consideration could include:

      i. the basis for setting the capital structure of Financing Entities

      ii. the manner in which Financing Entities will see to achieve and confirm tax neutrality

      iii. special purpose considerations, such as achieving bankruptcy remoteness and consistency with anticipated "sale" treatment (e.g., absence of IESO repurchase obligations)

      iv. relevant accounting considerations.

   b. Transfers of Investment Interests or Portions – Section 30 of the OFHPA contemplates that FEs may transfer all or a portion of an investment interest in an investment interest in accordance with the Financing Plan. Matters for consideration could include:

      i. the protections and considerations anticipated to preserve the internal integrity and functionality of the funding model, including the terms of any co-ownership arrangement and the relative sharing and enforcement of underlying CEAs

      ii. the economic terms and conditions of any such transfer

      iii. tax, accounting and governance considerations associated with the transfer.

   c. Forecast – Regulation para 12(2)2 contemplates that the Financing Plan will include a forecast of funds to be available to the Financing Entity for the purposes of debt repayment (after all other estimated finance amounts for the reference period have been paid in full).

   d. Required Assumptions – Regulation section 14(1) requires that the FSM make reasonable assumptions regarding a number of listed matters in preparing the Financing Plan.

e. Required Content – Regulation subsection 14(2)2 requires that the Financing Plan should address specific items (many of which are the subject of the earlier discussion), including:

   i. the reference capital or finance markets in which the funding obligations are to be incurred, including markets outside of Canada

   ii. how recovery amounts will be applied to funding obligations over time

   iii. the capitalization of proposed financing entities,

   iv. strategies to mitigate risk, including currency and interest rate hedging measures, if applicable,

   v. minimizing tax consequences associated with the incurrence of a funding obligation

   vi. articulating the principles by which the Financial Services Manager will make decisions regarding setting interest rates and maturities; refinancings; establishing and using cash reserves; providing indemnities; and agreeing to fees.

From: Hanslep, Malle (MOF)
To: Ronald Kwan
Cc: Tobias P. Whitfield (MOF)
Subject: FW: Timeline Deck
Date: Wednesday, June 14, 2017 3:46:50 PM
Attachments: OPG-Fair Hydro.Implementn and Next Steps.bfg to mstr.17june13.pdf

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FYI

Fair Hydro Trust Implementation

OPG Briefing to Minister of Energy

June 13, 2017

ONTARIO POWER GENERATION

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Overview

- The Fair Hydro Plan (FHP) legislation has been passed and regulations are moving towards completion.
- Once complete, the next step in implementing the FHP is preparing the Trust to obtain funding and providing OPG with ability to fund its portion of the Trust.
- The purpose of this briefing is to provide an overview of OPG's accelerated workplan for funding the Trust, including:
  1. Developing the contracts and structure for the Trust
  2. Securing a credit rating for the Trust's debt
  3. Access to Debt Markets
     A. Short-term debt
     B. Long-term debt

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1. Financing Entity Contracts & Structure

- Contractual arrangements and structural documents will be key for ensuring that investors are offered the protections expected for highly rated debt.
- These agreements will involve discussions between the OFA, ENERGY, MOF, IESO, Dealers, Trust, OPG, Third party service providers, Trustee, etc.
- Key agreements include:
  - Share subscription agreements to fund equity injection into OPG
  - Purchase and Sale agreements between IESO and the Trust
  - Indemnity for OPG Directors and Officers
  - Financial Services agreement between OPG and Trust
  - Management fee and OEB participation
  - Additional investor protections such as a form of Provincial guarantee
  - Payments in Lieu of Taxes exemption to minimize PILs payable by the Trust, as those costs will be recovered from ratepayers

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2. Rating Process

- Before the Trust can access debt markets, it must engage with ratings agencies to have its debt rated.
- In order to commence the credit rating process, the following must be completed:
  1. Fair Hydro Act & Regulations and the form of the Provincial Guarantee
     - Critical to the credit rating of the Trust's debt
  2. Fair Hydro Allocation Calculation and Plan
     - Required to determine the maturity profile and capacity of the financing program that will be rated
  3. Trust Financing Plan
     - Important to the rating agencies in assessing the merits of the financing approach

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3. Access to Debt Markets

- The Trust is expected to be in a position to access the short-term debt markets by the end of August 2017. The debt platform must be finalized at this time which would include a master trust indenture, short term debt facility and an intercreditor agreement.
- Access to long term debt markets is expected to be established by the end of October 2017.
- To maintain maximum flexibility for the financing program, deal documentation will be developed concurrently to access both the Canadian and U.S. term debt markets.
- The timeline for accessing debt markets is detailed on subsequent slides.

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3.A Critical Path Flow Chart – Short Term Debt

Week of:	March			April				May					June				July					August				September			
	13	20	27	3	10	17	24	1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28	4	11	18	25

Legislation

Regulations

Form of Provincial Guarantee

Fair Hydro Allocation Plan

A — Completion of key Provincial documents

Financing Strategy & Structure

Trust and Contribution Documents

Trust Financing Plan

(Requires A to be largely completed) — A

(a) Rating Agency Process (b)

Key Financing Documents

Short Term Debt Execution

- Short term funding
- Equity injection

Legend

- A. Legislative & Regulatory Framework
- B. Financing Strategy & Structure
- C. Execution
- D. Incremental Time Anticipated[1]

Master Timeline Item	Comments
A. Legislative & Regulatory Framework	• Fair Hydro Act, regulations and form of Provincial Guarantee are critical to the overall financing strategy, structure and proceeding to engage the rating agencies in any meaningful discussions • Fair Hydro Allocation Plan is required to determine the target amortization profile and Past-Over-Charges which will establish an effective cap on the program
B. Financing Strategy & Structure	• Determining the optimal financing strategy involves several key elements including determining the Trust structure and the structure of OPG's sub debt; initial rating agency feedback will taken into consideration • The Trust Financing Plan will be very important to the rating agencies in assessing the merits of the financing approach
C. Execution	• Preliminary rating agencies meetings are beginning in June as critical path items in "A " are finalized or sufficiently advanced with a degree of certainty (a) • Formal rating agencies meetings will occur mid-July once critical path items in "A" and "B" are complete and the key commercial/transaction agreements are well advanced (b)
D. Incremental Time Anticipated	• A typical securitization transaction on a known asset class with one counterparty that has previous experience in securitizations can be completed in 6-8 weeks • A longer timeline is anticipated for this transaction given the unique nature of the assets being securitized and the multiple stakeholders (including their counsel) who will likely review and comment on the documentation

[1] Delay could be longer than indicated

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ONTARIO POWER GENERATION

3.B Critical Path Flow Chart –Long Term Debt

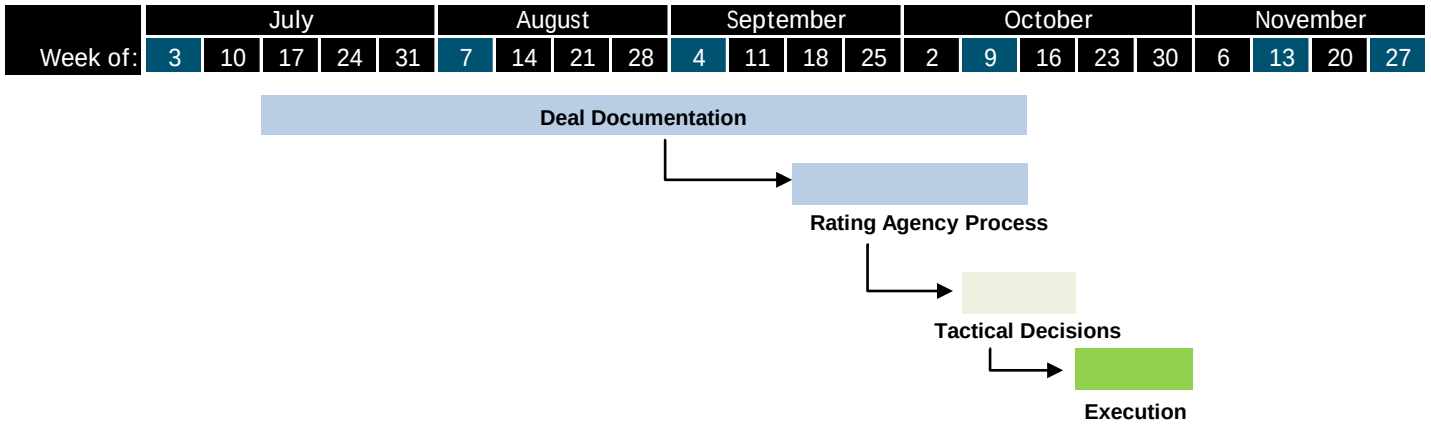

Legend

- E. Deal Documentation
- F. Tactical Decisions
- G. Execution

Master Timeline Item[1]	Comments
E. Deal Documentation	• To maintain maximum flexibility for the financing program, deal documentation will concurrently be developed to access the Canadian and U.S. term debt market (e.g. supplemental indenture, hedging documentation, offering memorandum/marketing documents, etc.) • To obtain long term debt ratings, an incremental ratings process will be undertaken by the rating agencies (even if the same agencies rate the short term debt); rating agencies will be approached in early/mid October once the deal documentation (item E) is well advanced
F. Tactical Decisions	• Prior to launching the inaugural term debt offering, tactical decisions will be made with respect to choice of market (Canadian or the U.S.), product, tenor etc. • Tactical decisions will take into consideration current market tone and overall cost considerations (including currency swaps)
G. Execution	• To attract the broadest base of investors and provide the tightest pricing, a full roadshow will be undertaken, regardless of whether the term debt is completed in Canada or the U.S. • To the extent that a U.S. offering is completed, currency swaps will be required as part of the deal execution

[1] Timelines are indicative only and could be subject to delay

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ONTARIO POWER GENERATION

Challenges to Timeline

- Extremely compressed time frame to develop structures.
- Concurrent/parallel activities establishing legal (legislation and regulation) and contract structures.
- Interrelationship between different elements of the structure and the need to involve many of the same individuals from government, legal counsel, OPG, IESO, OEB and dealers to ensure appropriate issues identified and resolved in a consistent manner.
- Ratings process requires structure and all key agreements to be finalized.

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From:	Carlos Yep
To:	Ken Kandeepan; John Psinas; John Kim; Bruno Amara; Ronald Kwan
Subject:	FW: **ANNOUNCED** FAIR HYDRO TRUST
Date:	Monday, January 22, 2018 2:30:50 PM
Attachments:	Fair Hydro Trust - 2018-1 Senior Notes Term Sheet.pdf Fair Hydro Trust - Confidential Shelf Offering Memorandum.pdf Fair Hydro Trust Investor Presentation.pdf

FYI

From: Donnelly, Ryan [mailto:Ryan.Donnelly@cibc.com]
Sent: Monday, January 22, 2018 2:27 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Elizabeth Wallace <Elizabeth.Wallace@ofina.on.ca>
Cc: Bartlett, Doug - Debt Capital Markets <Doug.Bartlett@cibc.com>; Janetos, Ben - Debt Capital Markets <Ben.Janetos@cibc.com>
Subject: FW: **ANNOUNCED** FAIR HYDRO TRUST

Good afternoon. As discussed this morning, the roadshow for Fair Hydro Trust has now been announced. As articulated in the attached investor presentation, the inaugural transaction being contemplated will be a 15-year offering.

Ryan

CIBC World Markets, Goldman Sachs, and RBC Capital Markets are pleased to announce a roadshow for the inaugural **Fair Hydro Trust ("FHT" or the "Issuer")** debt offering, Canada's first issuance of utility cost recovery bonds. The proposed senior notes will be offered by way of private placement in Canada.

CIBC is a Joint Lead and Joint Bookrunner on this transaction.

Please see below for further details on the roadshow.

****CANADIAN FIXED INCOME ROADSHOW****

Montreal: Monday, January 29
AM/PM: 1x1s Available
12:00PM Investor Luncheon – Ferreira Cafe, 1446 Peel St, Montreal
2:30PM National Investor Call

National Call Details:
Participant Dial-in: 416-620-9188 / 800-931-1309
Replay: 416-626-4100 / 800-558-5253 *(Expires Feb. 5, 2018 @ 11:59PM)*
Reservation #: 21879911# *(For Postview Purposes Only)*

Toronto: Tuesday, January 30
12:00PM Investor Luncheon – Adelaide Hotel, 325 Bay St, Toronto
PM: 1x1s Available

Toronto: Wednesday, January 31
AM/PM: 1x1s Available

Winnipeg: Thursday, February 1
8:00AM Investor Breakfast – ●
AM: 1x1s Available

Vancouver: Friday, February 2
AM/PM: 1x1s Available

Attending on behalf of Ontario Power Generation:
Ken Hartwick, Chief Financial Officer
John Lee, Vice President & Treasurer
Ken Ryfa, Assistant Treasurer
Lubna Ladak, VP Treasury – Fair Hydro Plan *(attending in Toronto)*

****INDICATIVE DEAL TERMS****

Offering Type: CAD Private
Offered Certificates: Senior Notes
Rating Agencies: DBRS/Moody's (presale reports will be available via Rating Agency websites)

Class Note	Balance	Term*	Subordination	DBRS/Moody's**	Benchmark
Senior Notes	C$●	15.25	49.00%	AAA(sf)/Aa2(sf)	GOC+
Subordinated Notes	C$●	15.25	10.00%	AA(sf)/Aa2(sf)	Placed with OPG
Junior Subordinated Notes	C$●	15.25	0.00%	A(sf)/Aa2(sf)	Placed with OPG

* Years
** Expected Credit Ratings

Expected Pricing: Week of February 5, 2018
Expected Settlement: Week of February 12, 2018

Business of the Issuer: Fair Hydro Trust (the "Issuer"), a special purpose trust established under the laws of the Province of Ontario, and caused to be established by Ontario Power Generation Inc. ("OPG"), as Financial Services Manager, has created a program providing for the offering and issuance of senior notes. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017*; the Province of Ontario announced its Fair Hydro Plan on March 2, 2017, which proposed to lower the average electricity bill for eligible customers by 25%.

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This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January 22, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Capital Markets Platform" and "Description of Senior Notes" sections of the confidential shelf offering memorandum which contain a more detailed description of certain terms of the Series 2018-1 Senior Notes and the trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture (the "Series 2018-1 Senior Supplemental Indenture") pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January 22, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE MAY 15, 2033, SERIES 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	●% Senior Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Expected Credit Ratings:	DBRS: AAA(sf) Moody's: Aa2(sf)
Principal Amount:	$●[(1)]
Term:	15.25 years
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●% per annum (the "**Series 2018-1 Interest Rate**")
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment and +● bps delay adjustment), versus the CAN ●% due ● (priced at $● to yield ●%)

(1) The Issuer may offer and sell Series 2018-1 Senior Notes having a principal amount greater than the amount shown above. In that event, the Principal Accumulation Amounts, the principal amounts of the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes and the use of proceeds amount will be increased proportionately.

Issue Yield:	●%
Issue Price:	$● per $1,000 principal amount of Series 2018-1 Senior Notes.
Agents Commission:	$● per $1,000 principal amount of Series 2018-1 Senior Notes sold (payable from existing cash resources of the Issuer)
Interest Payment Dates:	The Interest Payment Dates for the Series 2018-1 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event, interest on the Series 2018-1 Senior Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Senior Notes on each Payment Date thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event, the first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes. If an Interest Payment Date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis. The record date for each Interest Payment Date is the last day of the calendar month preceding such Interest Payment Date. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-1 Senior Notes, or the outstanding principal amount of the Series 2018-1 Senior Notes has not been paid in full on the Expected Principal Payment Date (as defined below). An "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the Master Trust Indenture, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes and all interest thereon is declared due and payable in accordance with the Indenture as a result of the occurrence of a Series 2018-1 Event of Default (as defined below).
Principal Payment Dates and Principal Payment Amount:	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on May 15, 2033 (such Payment Date, the "**Expected Principal Payment Date**"). Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date in respect of the Series 2018-1 Senior Notes and the then outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date.
Principal Payment Default Date:	May 15, 2035

Principal Accumulation Amounts: Subject to the occurrence of an Amortization Event, the Series 2018-1 Senior Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix A hereto.

Following the occurrence of an Amortization Event, the Principal Accumulation Amount with respect to each Payment Date thereafter shall be an amount equal to the outstanding principal amount of the Series 2018-1 Senior Notes.

Subordination: Concurrent with the issuance of the Series 2018-1 Senior Notes, OPG will subscribe for (i) $● of ●% subordinated notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Subordinated Notes**"); and (ii) $● of ●% junior subordinated notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**"). The Series 2018-1 Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations), and the Series 2018-1 Junior Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations) and the Series 2018-1 Subordinated Notes (and all other Subordinated Funding Obligations), in each case in the manner described in the confidential shelf offering memorandum under the heading "*Capital Markets Platform – Subordination Provisions*".

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means November 15, 2032.

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus ●% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under the heading *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.
Use of Proceeds:	The proceeds from the Series 2018-1 Senior Notes Offering will be used to refinance $● of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement. See *"Consolidated Capitalization"*. Expenses of the Series 2018-1 Senior Notes Offering are to be paid from existing cash resources.
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Change of Law Protection Agreement:	The Series 2018-1 Senior Notes are Approved Obligations under the Change of Law Protection Agreement.
Series 2018-1 Events of Default:	In addition to the Events of Default contained in the Master Trust Indenture and described in the confidential shelf offering memorandum, each of the following events constitute a "**Series 2018-1 Events of Default**": (a) failure to pay interest on the Series 2018-1 Senior Notes when due, subject to a 5-day cure period; (b) failure to pay principal on the Principal Payment Default Date for the Series 2018-1 Senior Notes; (c) breach of representation or warranty in the Series 2018-1 Senior Supplemental Indenture applicable to the Series 2018-1 Senior Notes, subject to materiality requirements and a 60-day cure period; (d) breach of a covenant in the Series 2018-1 Senior Supplemental Indenture, subject to materiality requirements and a 60-day cure period; and (e) an event occurs and as a result thereof, all or any portion of the principal amount of any other Senior Funding Obligation has been accelerated.

Acceleration upon a Series 2018-1 Event of Default:	Upon the occurrence of a Series 2018-1 Event of Default, the holders of Series 2018-1 Senior Notes may, by Ordinary Resolution, declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Senior Notes to be immediately due and payable, whether or not all Issuer Funding Obligations have been accelerated pursuant to the Master Trust Indenture. For a discussion of the consequences of such declaration, see the confidential shelf offering memorandum under the headings "*Capital Markets Platform – Acceleration and Remedies*" and "*Risk Factors – If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected*".
Rating Agency Condition:	"**Rating Agency Condition**" means with respect to any action in respect of the Series 2018-1 Senior Notes subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 business days prior to the effective date of such action (or if 10 business days prior notice is impractical, such advance notice as is practicable) and (i) the Rating Agencies shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, DBRS shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	CIBC World Markets Inc. (joint lead and joint bookrunner), Goldman Sachs Canada Inc. (joint lead), RBC Dominion Securities Inc. (joint lead and joint bookrunner), BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading

in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	$●
Debt		
Long-term debt, including current portion……	Nil	$●
Short-term debt……...	$1,179,000,000.00[(2)]	$●
Bank indebtedness……..	Nil	$●
Total Debt……	$1,179,000,000.00[(2)]	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	$1,179,010,000.01[(2)]	$●

(2) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000, or 10% of all short term debt, represented by Junior Subordinated Notes, Series 2017-1 held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On November 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, 2018, the Issuer had approximately $● outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' commission payable by the Issuer.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

APPENDIX A
PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	$●
February 15, 2030	$●
March 15, 2030	$●
April 15, 2030	$●
May 15, 2030	$●
June 15, 2030	$●
July 15, 2030	$●
August 15, 2030	$●
September 15, 2030	$●
October 15, 2030	$●
November 15, 2030	$●
December 15, 2031	$●
January 15, 2031	$●
February 15, 2031	$●
March 15, 2031	$●
April 15, 2031	$●
May 15, 2031	$●
June 15, 2031	$●
July 15, 2031	$●
August 15, 2031	$●
September 15, 2031	$●
October 15, 2031	$●
November 15, 2031	$●
December 15, 2031	$●
January 15, 2032	$●
February 15, 2032	$●
March 15, 2032	$●
April 15, 2032	$●
May 15, 2032	$●
June 15, 2032	$●
July 15, 2032	$●
August 15, 2032	$●
September 15, 2032	$●
October 15, 2032	$●
November 15, 2032	$●
December 15, 2033	$●
January 15, 2033	$●
February 15, 2033	$●
March 15, 2033	$●
April 15, 2033	$●
May 15, 2033	$●

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement — January 22, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (together with the regulations promulgated thereunder, the "**FHPA**"). Under the FHPA, OPG is appointed as financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this

confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended, supplemented, restated or otherwise modified from time to time.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the

investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page 95 of this confidential shelf offering memorandum. An index of defined terms used in this confidential shelf offering memorandum specifying on which page such terms are defined is provided starting on page 107 of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 16
ONTARIO'S FAIR HYDRO PLAN 20
CHANGE OF LAW PROTECTION AGREEMENT 26
THE ISSUER 31
THE MANAGER 33
SUBORDINATED DEBT 35
SHORT TERM INDEBTEDNESS 36
THE TRANSFEROR AND SERVICER 36
CREDIT RATINGS 39
RATING AGENCY CONDITION 39
CAPITAL MARKETS PLATFORM 39
DESCRIPTION OF SENIOR NOTES 63
DEPOSITORY SERVICES 66
PLAN OF DISTRIBUTION 67
RISK FACTORS 68
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 80
LANGUAGE OF DOCUMENTS 83
RESTRICTIONS ON RESALE 84
REPORTING REQUIREMENTS 84
STATUTORY RIGHTS OF ACTION 85
INDENTURE TRUSTEE 94
LEGAL MATTERS 94
GLOSSARY 95
INDEX OF DEFINED TERMS 107
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 109
EXHIBIT 1 – INVESTOR PRESENTATION 110

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*, *"Subordinated Debt"* and *"Risk Factors"* of this confidential shelf offering memorandum and *"Fair Allocation Amount"*, *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"* and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval of all Series.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO in performing their respective obligations under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Power outages could impair payment of the Senior Notes.
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.
- If any Electricity Vendor or the IESO were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against such Electricity Vendor or the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS, AND THEIR RESPECTIVE REPRESENTATIVES, TO WHOM IT IS TRANSMITTED, SOLELY TO ENABLE SUCH PERSONS TO EVALUATE AN INVESTMENT IN THE NOTES DESCRIBED IN THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM. BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with a future Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer

nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page 95 of this confidential shelf offering memorandum. An index of defined terms used in this summary is provided starting on page 107 of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) or of the IESO. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG, IESO or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement"*.
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "FHPA"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[1] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[2] for that period. Under the FHPA, OPG is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA. See *"Ontario's Fair Hydro Plan — Background"*.

[1] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[2] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of Series, in one or several Offerings. A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the Master Trust Indenture, as supplemented by a Supplemental Indenture authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a non-share corporation established under the *Electricity Act, 1998* (Ontario). As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy. The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market. Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). Pursuant to the Master Transfer and Servicing Agreement, the IESO may, on a monthly basis, offer to Transfer specified portions of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"The Transferor and Servicer"*.
Investment Interest:	Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.
Clean Energy Adjustment:	The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager and will be converted by the OEB into a cent per kWh rate and added to the electricity invoices sent to Specified Consumers. See *"— Statutory Duties of the OEB"* below. The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs (including interest and principal on the Senior Notes), derivative payments, required reserve account deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount will also reflect any historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. Based on the Fair Allocation Amount determined and provided by the Province, from July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment of interest on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*. Amounts so contributed by the IESO are not available to pay principal on the Senior Notes.

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs until July 31, 2021:

The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest.

As security for the performance of the IESO's obligation under the Regulations to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount & Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g.

OEB licensees) in Ontario's electricity market, including the activities of transmitters and distributors as well as the IESO (all of whom are Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided by the IESO to the OEB. See *"The Transferor and Servicer"*.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*The Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA requires Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of the Issuer and any other Financing Entities that may be established, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts and hold such amounts in trust for the benefit of the Financing Entities until remitted to the IESO for the benefit of the Financing Entities (initially, only the Issuer). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required is based on a formula as set out in the Master Transfer and Servicing Agreement and will be equal to: (a) the product of (i) 50% of estimated Clean Energy Adjustment amounts that are to be collected over a twelve-month period by all such non-investment grade rated Electricity Vendors, and (ii) a fraction equal to 45/365 (representing the 45-day period during which funds are expected to be held by such non-investment grade rated Electricity Vendors prior to being remitted to the Issuer); or (b) such

other lesser amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. See *"The Electricity Industry in Ontario — Key Industry Participants — Ontario Power Generation Inc."* and *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of the Financing Entities (of which the Issuer is currently the only one), to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of the Financing Entities (of which the Issuer is currently the only one) and remit such amounts on a monthly basis, subject to daily remittance being required in certain limited circumstances. Pursuant to the Master Transfer and Servicing Agreement, monthly remittances of amounts received in respect of the Clean Energy Adjustment will occur on the 18th business day of each calendar month. In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts and

fulfilling certain additional reporting requirements. Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which includes payments of amounts that are due and payable in respect of Senior Notes), although the amount of the Province of Ontario's payment obligations in a particular period may differ depending on whether an Acceleration has occurred. See *"Change of Law Protection Agreement"*. The Issuer and the Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*.

Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change of Law Protection Agreement.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the Act or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the Act or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and

subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture (in effect as of the date hereof). See *"Capital Markets Platform — Acceleration and Remedies — Rights of Specified Creditors"*.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include

inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including all Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of Clean Energy Costs in proportion to the relative attribution of the value of Clean Energy Benefits among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations

should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation that is issued is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

Use of Proceeds:

The proceeds from each Offering may be used for one or more of the following purposes: (i) to acquire an Investment Interest pursuant to the FHPA and the Master Transfer and Servicing Agreement, (ii) to refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) to pay Offering and related costs of the Issuer and (iv) to fund specific reserve accounts as required.

The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.

Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", *"Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration"*.
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement

or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for Senior Funding Obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for Subordinated Funding Obligations;
- payments of or accumulations in respect of interest for Junior Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Warehouse Obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for Senior Funding Obligations (other than Warehouse Obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on Senior Funding Obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Junior Subordinated Funding Obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for Subordinated Funding Obligations or Junior Subordinated Funding Obligations);
- replenishment of Series Accounts established for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Junior Subordinated Funding Obligations;
- replenishment of Series Accounts established for Junior Subordinated Funding Obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on Senior Funding Obligations and payments under derivative agreements (other than termination payments), *pari passu*, then Subordinated Funding Obligations (other than principal) and then Junior Subordinated Funding Obligations (other than principal);
- principal for Warehouse Obligations;
- *pari passu*, principal on Senior Funding Obligations (other than Warehouse Obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for Subordinated Funding Obligations and then Junior Subordinated Funding Obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 units of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior

	Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The following summary of the electricity industry in Ontario does not purport to be comprehensive or definitive. It is a general and high-level overview of the historical context and the current manner in which the industry operates, including how real-time energy supply needs are met.

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydroelectric, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from large generating facilities to local distribution systems and large transmission-connected consumers, as well as to and from inter-jurisdictional entities; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses, as well as the delivery of electricity from small distribution-connected generating facilities, using low voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive wholesale electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes, along with the transmission and distribution system investments needed to support these changes, have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of smaller scale wind and solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be scheduled and dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy by certain domestic loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Most generators in Ontario also have bilateral contracts with the IESO (i.e. power purchase agreements) and one large generator, OPG, receives OEB-regulated prices, or payment amounts, that provide for payments in addition to wholesale market settlements that are paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario). The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold the generation assets of the former Ontario Hydro. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power facility. OPG's mandate is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for a significant portion of the total energy generated and injected into Ontario's electricity transmission system. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for managing the reliability of the provincial transmission system and operating the wholesale electricity markets in Ontario. The OPA was formed to plan the provincial power system and to procure electricity resources. The OPA entered into bilateral power or capacity purchase contracts with generators and other electricity resource providers. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial administrative tribunal and public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors. The IESO and distributors are Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures affecting regulated assets and regulated entities, such as distributors and transmitters. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, as well as institutions such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB.

The following diagram depicts the flow of funds between the key industry participants:

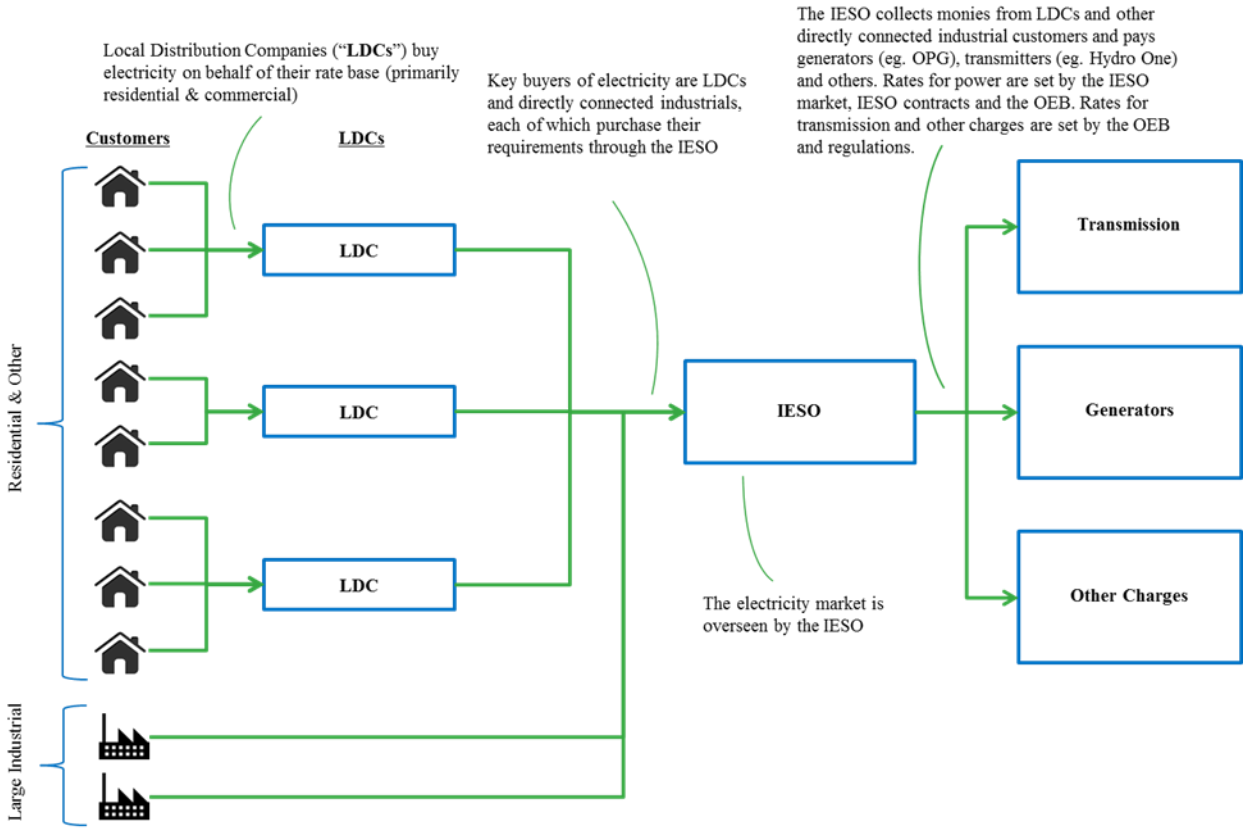

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is established monthly by the IESO in accordance with regulations and is the amount of money necessary to pay certain other costs to generators and other suppliers that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to OPG pursuant to OEB-established payment amounts.

Prior to the FHPA being passed, the amount collected generally over an annual basis by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's current payables to generators and other electricity resource suppliers, subject to certain periodic true-ups, fees and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices primarily for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months by the OEB based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most

Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from an OEB-licensed retailer pursuant to a retail contract that provides a rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the FHPA. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[3] less than the rate that would otherwise have been determined by the OEB for that period absent Ontario's Fair Hydro Plan (such adjustment, together with the further adjustments described below in this section, the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

[3] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, the amounts charged to the IESO by the Issuer in respect of the Carrying Costs of the Issuer, when applicable, and certain other amounts in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from Specified Consumers before May 1, 2021. The IESO may, in accordance with the FHPA, Transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that gives rise to the Regulatory Asset and, as an owner of the Investment Interest, will be entitled to recover its Finance Amount (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest by accepting a Transfer of the corresponding specified portion of a Regulatory Asset, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the Transfer of a specified portion of the Regulatory Asset from the IESO, such Transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Financing Entities that own an Investment Interest (among other things):

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment,

including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers to cover the cost of financing the shortfall that gives rise to the Regulatory Asset. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer , or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that are payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a Funding Obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) amounts received during the period in respect of Carrying Costs;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. The True-up Amount is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount will also reflect any historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period based on forecast information provided by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the Financing Entities (of which the Issuer is currently the only one), amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the Financing Entities (of which the Issuer is currently the only one) until remitted

to the IESO for the benefit of the Financing Entities (of which the Issuer is currently the only one). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay to the Issuer under the Regulations during such period. See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

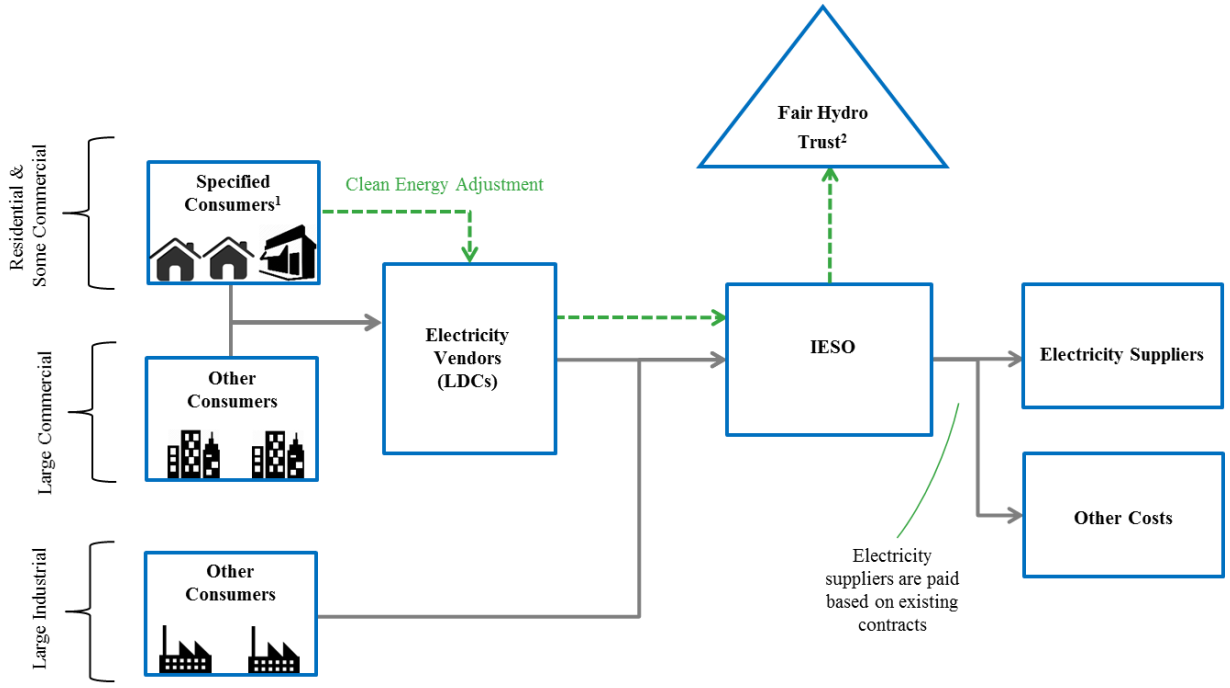

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, once applicable, directly to the IESO.

[2] Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer for a corresponding purchase price. Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset following payment by the Issuer of the corresponding purchase price, the Issuer will acquire an Investment Interest.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers. Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation that is issued is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Payment of Carrying Costs until July 31, 2021

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes). The amounts paid by the IESO to the Issuer to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest pursuant to the FHPA.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer. Furthermore, as security for the performance of its obligations under the Regulations to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account. The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period, divided by the number of months in such Reference Period. See *"Capital Markets Platform — Acceleration and Remedies — Limitation on Available Amounts on Acceleration"* for a description of the amounts that would be available to be paid under the Master Trust Indenture in such circumstances.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Senior Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the Act or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the Act or any portion thereof, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued, provided that for purposes of determining voting rights with respect to Notes, Notes in which the Province of Ontario has an interest will be deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change of Law Protection Agreement.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the

Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including the Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document to which the Limited Guarantee applies and which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Issuer Trustee is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

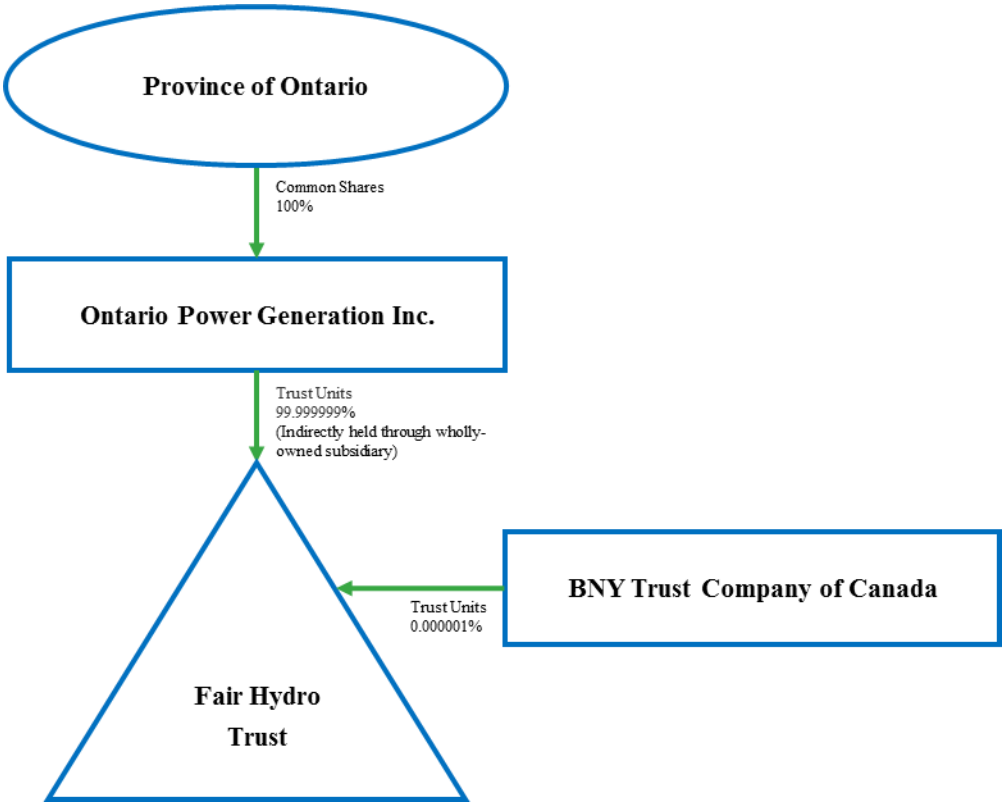

THE MANAGER

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, the Manager (on behalf of the Issuer) shall review, or cause to be reviewed,

on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors — Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager."*

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross

negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximately 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

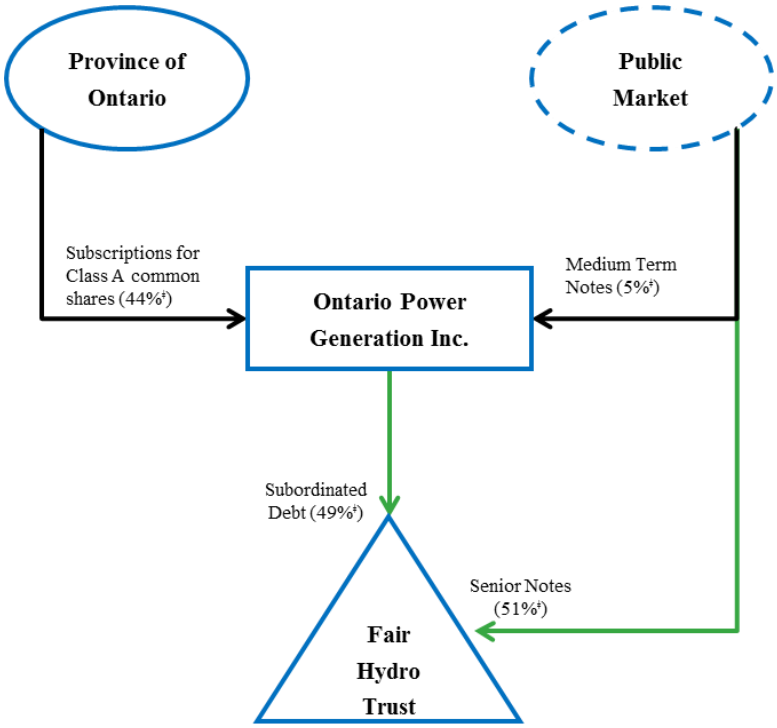

ǂ OPG is expected to acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(a) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(b) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(c) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest on December 21, 2017.

THE TRANSFEROR AND SERVICER

Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to Transfer to the Issuer a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of receiving the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts received in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on the 18th business day of each month, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) providing forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period.

The IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions. The Master Transfer and Servicing Agreement provides for various limitations on the duties and responsibilities of the IESO including that: (i) the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, (ii) the IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Investment Interest, the collectability of the Clean Energy Adjustment or that Clean Energy Adjustment amounts received will be sufficient to satisfy the Issuer's Funding Obligations, (iii) the IESO shall have no liability or responsibility to any person in respect of any forecasts or other information provided, provided only that such forecasts or other information has been prepared and provided in good faith and (iv) the IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from Specified Consumers or not remitted by Electricity Vendors to the IESO. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"* and *"Ontario's Fair Hydro Plan — Other Statutory Protections"* with respect to the manner in which the risks associated with incorrect forecasts by the IESO, and shortfalls in Clean Energy Adjustments as a result of amounts not being collected by Electricity Vendors or remitted by Electricity Vendors, are mitigated.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA, including its obligation to pay the Carrying Costs to the Issuer.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations

of the Issuer, including repayment of principal on the Senior Notes. Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer.

As security for the performance of its obligation to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for Transfer to the Issuer in a subsequent period. Upon completion of such Transfer, the Issuer will acquire an Investment Interest pursuant to the FHPA.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors or such other number as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program

Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement or the FHPA (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to

the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "— *Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "— *Payment Waterfalls Prior to Acceleration — Collection Account*", "— *Payment Waterfalls Prior to Acceleration — Protection Account*" and "— *Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material

conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and

deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a

specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all

amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall. Amounts in the Program Cash Reserve Account will be available to pay interest and principal on the Senior Notes.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible

Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "— *Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference

to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying

its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "— *Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel, each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized,

executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined based on the extent, if any, to which the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF SENIOR NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this *"Description of Senior Notes"* section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s), if any, and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;
- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and
- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) or of the IESO. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will

also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Payment Dates on which such amounts are to be accumulated for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than an expected Principal Payment Date if an optional redemption occurs and may receive principal payments later than an expected Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on an expected Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit were successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA should no longer be law in Ontario or that the FHPA should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA referenced in the previous paragraph were amended or repealed through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Crown, nor may an order for execution or attachment be made against the Crown, although the remedy of damages is available. Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior

Notes, and the Issuer must rely for payment of all of its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs to the Issuer. The amounts paid by the IESO with respect to Carrying Costs cannot be applied on account of principal on the Senior Notes. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Carrying Costs to the Issuer. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring September 30, 2022, which can be used to pay the Carrying Costs to the Issuer. There can be no assurance that the IESO will continue to have sufficient funds available to pay the Carrying Costs to the Issuer during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay the Carrying Costs to the Issuer and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior Notes, and the Issuer must rely on the IESO for the funds necessary to pay its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs to the Issuer. Amounts paid by the IESO are not available to pay principal on the Senior Notes. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and

- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA, rights to enforcement of the FHPA and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the

Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring Investment Interests. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the Transfer by the IESO of specified portions of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, the Investment Asset will be co-owned by all Financing Entities (including the Issuer) and consequently Clean Energy Adjustment amounts collected by or for the benefit of the Financing Entities will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA and the Master Transfer and Servicing Agreement impose new duties and obligations on the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Master Transfer and Servicing Agreement. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or providing forecast information, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or

reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.

The FHPA imposes new duties and obligations on OPG, as Financial Services Manager, and the Program Agreements impose new duties and obligations on OPG, as Manager. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA, including determining the Clean Energy Adjustment (inclusive of the True-up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated based upon a forecast of Specified Consumer usage to be newly developed based on forecast information provided by the IESO. Under the Regulations, the IESO is required to provide forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period. The amount of the Clean Energy Adjustment collected in any period will depend in part on actual electricity usage by Specified Consumers and the amount of collections and write-offs for Specified Consumers. If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. The FHPA does not require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in FHPA. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment. The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-up Amount. Until such adjustments are made or, if those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to provide indemnification, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20° Celsius. Winters include snow and icy conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization,

if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.

Ordinarily, the interests of the Issuer as acquirer of an Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time the corresponding Regulatory Asset was Transferred to the Issuer. This could reduce the amounts that may be available to the Issuer in respect of the Investment Interest and, consequently, the holders of Senior Notes. Section 27(3) of the Act provides that at the time of the Transfer of the Regulatory Asset to a Financing Entity, such Transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the Act provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the Transfer and the property rights and interests acquired by the Transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the Act in such circumstances is untested. The Transfers of the Regulatory Asset to the Issuer will be made in accordance with section 26 of the Act. Section 27(1) of the Act provides that a Transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Transferee. Therefore, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Regulatory Asset. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO or such Electricity Vendor may be significantly impaired or delayed.

Under the Master Transfer and Servicing Agreement, collections received by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior

Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities

laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Capital Markets Platform — Covenants of the Issuer — Financial Statements; Statement as to Compliance"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of

an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum (which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference herein), together with any amendments hereto (which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference therein), or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action may be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any

misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference herein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference herein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference herein, not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the *Securities Act* (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer or the selling security holder on whose behalf the distribution is made. "Misrepresentation" means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer and selling security holder will be liable if the person proves that:

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

  (iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that:

    (A) there had been a misrepresentation; or

    (B) the relevant part of the confidential shelf offering memorandum:

      a. did not fairly represent the report, statement or opinion of the expert, or

      b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) while still an owner of the Senior Notes, a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, with respect to a Funding Obligation, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Act**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Change of Law Protection Agreement**" means the change of law protection agreement dated as of December 21, 2017 among the Province, the Issuer and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**Crown**" means Her Majesty the Queen in Right of Ontario.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as amended, supplemented, restated or otherwise modified from time to time.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Entity**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligations**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations,

exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on page (iii) of this confidential shelf offering memorandum.

"**Issuer**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement".*

"**Management Agreement**" means the management agreement dated as of December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Manitoba"*.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**NI 31-103**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**NI 45-106**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their

capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Offering Jurisdiction**" has the meaning set out under *"Representations and Agreements of Purchasers".*

"**OPA**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO*.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month or, if such day is not a business day, the next business day.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

  (i) every six-month period following the period mentioned in (a);

  (ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Saskatchewan"*.

"**Section 130.1**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Ontario"*.

"**Section 150**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in New Brunswick"*.

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning specified in the *Ontario Fair Hydro Plan Act, 2017*, and "**Transferred**" and "**Transferee**" shall have corresponding meanings.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" has the meaning set out under *"The Issuer"*.

"**U.S. Securities Act**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

INDEX OF DEFINED TERMS

Acceleration Event 95
Acceleration 95
Act 95
Adherence Compliance Certificate 29
Adverse Effect 41
Agency Agreement 67
Agents ii
Approved Obligation 7, 28
Available Collections 45
Borrowing 95
Canadian Insolvency and Restructuring Laws 70
Carrying Costs 95
CDS ii
Certified Primary Obligation 7, 28
Change of Law Protection Agreement 95
Class 44
Clean Energy Adjustment 22
Clean Energy Benefits 96
Clean Energy Costs 96
Clean Energy Initiative 96
Clearstream, Luxembourg 67
Collateral 45
Collection Account Waterfall 47
Collection Account 45
Commissions 83
Confidential Information vii
Controlling Class Creditors 96
Controlling Class Obligations 97
Co-Owner Agreement 97
Crown 97
DBRS 97
Debtholder Group 57
Debtholder 97
Declaration of Trust 97
Default 97
depository 66
Derivative Counterparty 97
Derivative Funding Obligations 97
DTC 67
Electricity Vendor 97
Eligible Deposit Account 45
Eligible Institution 97
Eligible Investments 98
Eligible Securities Account 45
Euroclear 67
Event of Default 59
Extraordinary Resolution 57
Fair Adjustment 20
Fair Allocation Amount 25
FHPA i
Finance Amount 22
Financial Services Manager i
Financing Entity i
Financing Plan 99
Funding Obligation Agreement 99
Funding Obligations i
Governmental Authority 99
HOEP 19
IESO Cash Reserve Account 45
IESO Cash Reserve Deposit Amount 99
IESO Cash Reserve Required Amount 99
IESO Security Agreement 100
IESO 2, 99
Indemnity Agreement 100
Indenture Trustee 100
Indenture 100
Interest Accrual Amount (Junior Subordinated) 100
Interest Accrual Amount (Senior) 100
Interest Accrual Amount (Subordinated) 100
Interest Accumulation Account 45
Interest Payment Date 100
Investment Asset 21
Investment Interest 21
Investor Presentation iii
Issuer Accounts 45
Issuer Funding Obligation 100
Issuer Trustee 100
Issuer i
Junior Subordinated Funding Obligations 101
Junior Subordinated Notes, Series 2017-1 36
LDCs 18
Lender 101
Limited Guarantee 9, 26
Management Agreement 101
Manager 101
Manitoba Act 92
Master Agreement 101
Master Transfer and Servicing Agreement 101
Master Trust Indenture 101
Material Effect 30
Moody's 101
Moratorium Period 3, 24
MTSA Acknowledgement 101
NI 31-103 ii
NI 45-106 ii
Non-Investment Grade Rated Electricity Vendor 38
Note 101
Noteholders 101
Obligations Secured 101
OEB 102
Offering Jurisdiction 80
Offering ii
OPA 17
OPG ..... i, 1, 102
Ordinary Resolution 57
Participants 66
Paying Agent 102
Payment Date 102
Person 102
Post-Suspension Refinancing 30
Pre-Approved Refinancing 30
Predecessor IESO 17
Primary Obligation 28
Principal Accumulation Account 45
Principal Accumulation Amount 102
Principal Accumulation Date 103
Principal Payment Date 103
Principal Payment Default Date 103
Program Account 103
Program Agreements 103
Program Cash Reserve Account 46
Program Cash Reserve Required Amount 103
Protection Account 46
Protection Event 7, 27
Rating Agency Condition 39
Rating Agency 103
Reference Period 103
Refinancing Account 46
Refinancing 103
Regulated Price Plan 19
Regulations 104
Regulatory Asset 2, 21

Required Principal Accumulation Amount (Senior) 104
Required Principal Accumulation Amount (Subordinated) 104
RPP 19
Saskatchewan Act 86
Section 130.1 85
Section 150 89
Securities Account 46
Senior Funding Obligation 104
Senior Notes, Series 2017-1 36
Senior Notes i
Series Account 104
Series Capital Reserve Account 46
Series Finance Reserve Account 46
Series 104
Servicer Default 104
Servicer 104
Specified Consumer 20
Specified Creditors 105
Subordinated Funding Obligations 105
Subordinated Notes, Series 2017-1 36
Supplemental Indenture 105
Suspension Event 30
Suspension Notice 29
Term Sheet i
Terms Document 105
Tranche 105
transaction 53
Transfer 106
True-up Amount 3
U.S. Securities Act i
Unitholders 31
Warehouse Facilities 36
Warehouse Obligations 106

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Fair Hydro Trust
Investor Presentation

January 22, 2018

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Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer &
Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview

II. Ontario Electricity Market

III. Legislative and Regulatory Framework

IV. Contractual Framework

V. Financing Program

VI. Key Risks and Mitigants

VII. Summary of the Offering

VIII. Investment Highlights

Appendix – Key Agreement Summaries

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan ("FHP") on March 2, 2017, which proposed to lower the average electricity bill for eligible customers[1] by 25% (the "Fair Adjustment") • The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax granted by the Ontario government in January 2017
Legislation	• On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017* (the "FHPA" or the "Act") to give effect to the FHP • The FHPA was enacted to ensure that clean energy costs and clean energy benefits associated with Ontario's clean energy initiatives are fairly allocated among present and future Specified Consumers and to provide fairness for Specified Consumers over time • The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and together with the FHPA, the "Legislation") • The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers which is referred to as the Clean Energy Adjustment ("CEA"); the CEA will be determined by Ontario Power Generation ("OPG") in accordance with the Legislation in its role as Financial Services Manager ("FSM") under the Act • The CEA will be determined for each six month reference period and converted by the Ontario Energy Board ("OEB") into a $/kWh rate and added to electricity invoices sent to Specified Consumers commencing on May 1, 2021 • From July 1, 2017 to April 30, 2021 (the "Moratorium Period"), no payments in respect of CEA are expected to be collected; during the Moratorium Period and extending to July 31, 2021, the Independent Electricity System Operator ("IESO") is obligated to pay all funding and other expenses of the Trust (excluding principal) (referred to as "Carrying Costs") under the Legislation
Fair Hydro Trust	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior, subordinated and junior subordinated notes • Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis, the Trust is ring fenced from OPG's other creditors • The FHT term notes will be repaid through the CEA payments received from Specified Consumers

[1] Defined as Specified Consumers under the FHPA.

Summary of Indicative Terms

Overview of Notes

Class	Senior	Subordinated	Junior Subordinated
Issue Amount	$[●]MM	$[●]MM (placed with OPG)	$[●]MM (placed with OPG)
Initial % of Aggregate Notes	51%	39%	10%
Expected Ratings (DBRS / Moody's)	AAA(sf)/Aa2(sf)	AA(sf)/Aa2(sf)	A(sf)/Aa2(sf)
Term to Maturity	15.25 years	15.25 years	15.25 years
Expected Maturity Date	May 15, 2033	May 15, 2033	May 15, 2033
Principal Payment Default Date	May 15, 2035	May 15, 2035	May 15, 2035
Par Call Date	November 15, 2032	November 15, 2032	November 15, 2032
Principal Accumulation	Principal will be accumulated monthly commencing January 2030 to facilitate repayment of notes on the Expected Maturity Date		
Interest Type	Fixed rate		
Day Count	180/360, first payment actual/365		
Payment Dates	May 15 and November 15 or next business day		
Senior Note Credit Enhancements	Credit enhancements for the FHT 2018-1 Senior Notes will consist of: • Subordinated and Junior Subordinated notes initially equal to 49% of the aggregate issuance amount and will be retained by OPG • A segregated trust account with an eligible institution, referred to as a Program Cash Reserve Account, which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations • True-up mechanism to address any shortfalls in collections		
Operating Agents	OPG serving as the Financial Services Manager and the Independent Electricity System Operator as the Servicer		

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt
  - The subordination amount may vary but must at least be equal to or greater than 35% of all outstanding debt

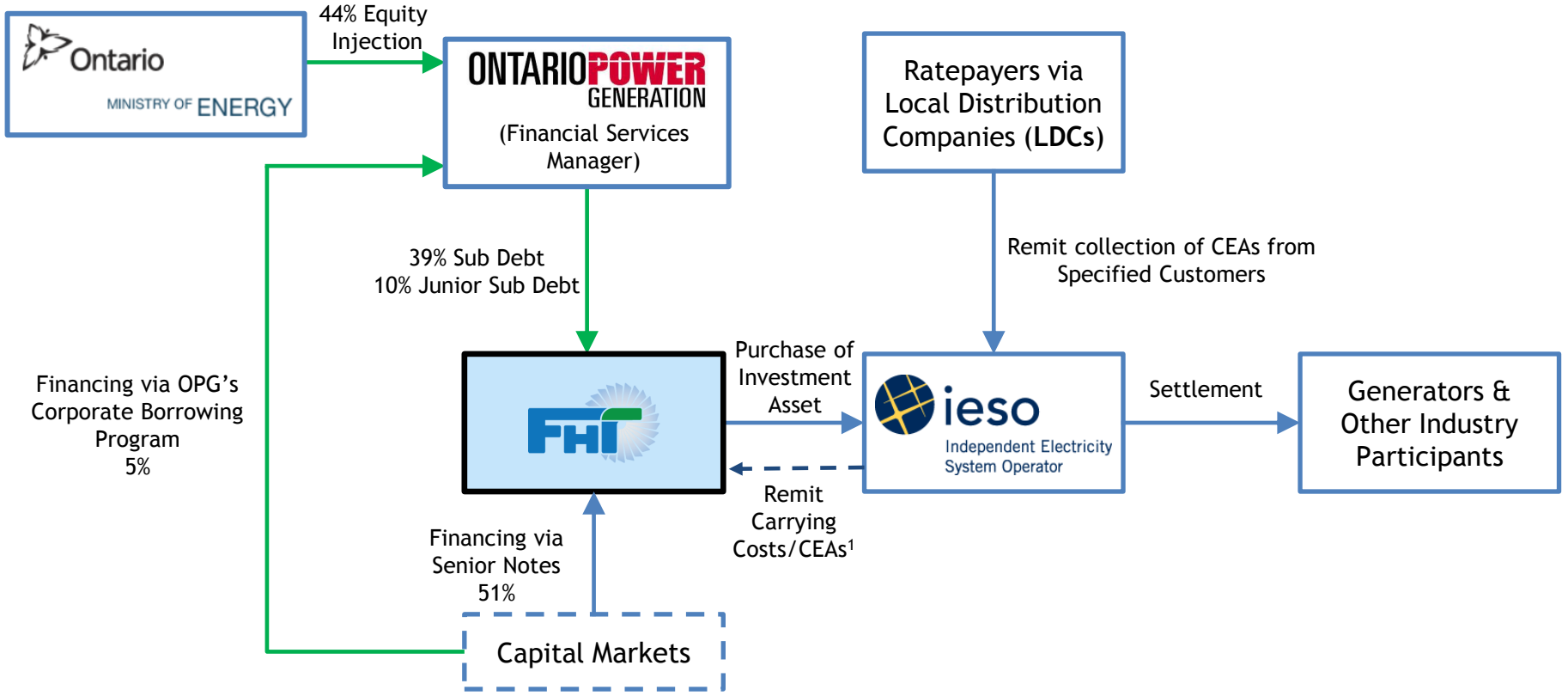

[1] The IESO is required to pay and remit Carrying Costs to the FHT up to July 31, 2021. Commencing May 1, 2021, CEAs will be included on invoices sent to Specified Consumers and collections will be used to pay all funding and other expenses of the Trust. The additional three months of IESO remittances from May 1, 2021 to July 31, 2021 is intended to cover billing and collection lags from the introduction of CEAs.
Note: The diagram above is based on subordinated debt of 49% of all outstanding debt.
Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa.

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by the wholesale electricity market and by direct contracts with the IESO (e.g. Bruce Power (nuclear), wind, solar, hydroelectric)

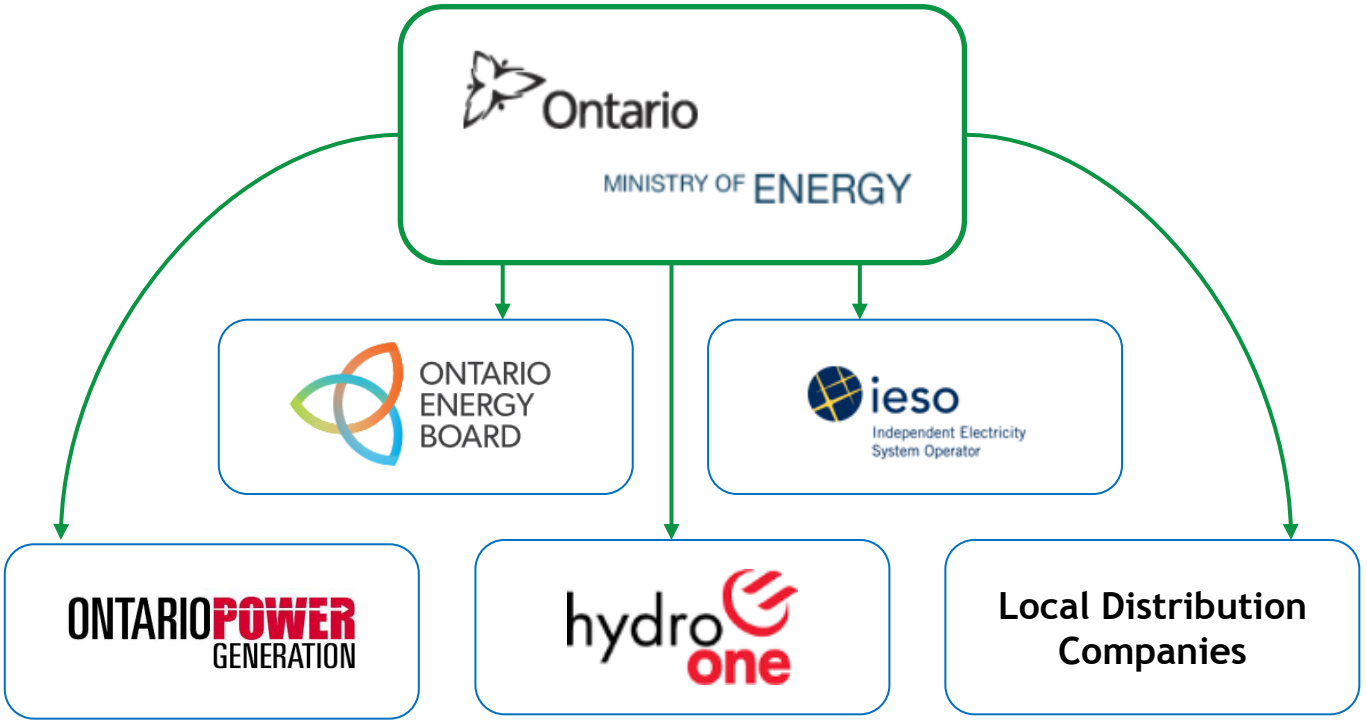

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets policy for the electricity system
Ontario Energy Board	--	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan ("RPP"); RPP rates are set twice a year (May and November)
ieso Independent Electricity System Operator	**A(h) / -- / Aa2**	• Corporation without share capital established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing a significant portion of the province's electricity
hydro one	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations. The majority of LDCs continue to be municipally-owned, while others have been acquired by Hydro One or private-sector owners
- An LDC, referenced as an Electricity Vendor in the FHPA, is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Total Revenue	$18.89 billion
Total Metered Usage (kWh)	116.11 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Total Revenue *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**
Percentage of Residential & Small Commercial[2]		**69%**	

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment together with Carrying Costs paid, financing costs and other related costs)
- FHT will finance the shortfall and is entitled to recover its costs and the principal and interest on its debt through CEAs from Specified Consumers, commencing May 1, 2021

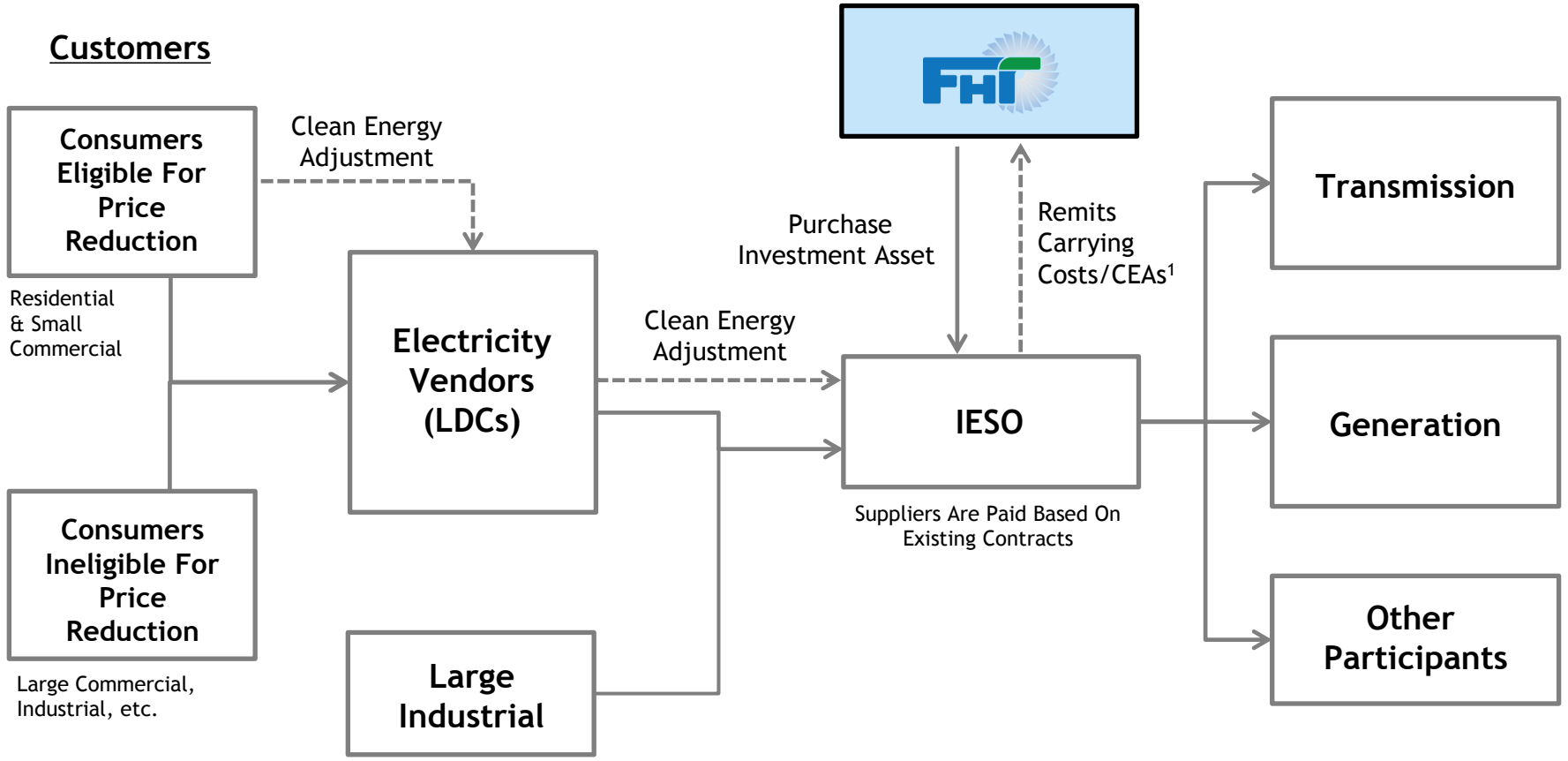

[1] The IESO is required to pay and remit Carrying Costs to the FHT up to July 31, 2021. Commencing May 1, 2021, CEAs will be included on invoices sent to Specified Consumers and collections will be used to pay all funding and other expenses of the Trust. The additional three months of IESO remittances from May 1, 2021 to July 31, 2021 is intended to cover billing and collection lags from the introduction of CEAs.

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to Specified Consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017 - April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018 - April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019 - April 30, 2021** - rate reductions will be established by future regulation but anticipated to increase by the rate of inflation in Ontario

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment together with Carrying Costs paid, financing costs and other related costs) and records this amount, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the "Regulatory Asset") • The IESO may from time to time transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the corresponding amount recorded in the variance account
Investment Asset	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an "Investment Interest" in an Investment Asset) • By acquiring an Investment Interest, the Trust will be entitled to recover all of its associated financing costs and acquires the right to collect, receive and recover CEAs from Specified Consumers in accordance with the Legislation
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are not permitted to be collected from Specified Consumers during this period • The IESO is obligated to pay the Trust all Carrying Costs, excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to the Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion credit facility from the Ontario Financing Authority ("OFA") which can be used, among other things, to fund payments of the Carrying Costs

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the financing and other costs related to the acquisition by the Trust of the Investment Asset and the associated costs of the financing, including payment of principal, interest, operating costs of the Trust and funding of reserve accounts
- CEAs shown on an invoice issued to Specified Consumers represent the amount of the consumers' indebtedness and may not be set off or bypassed

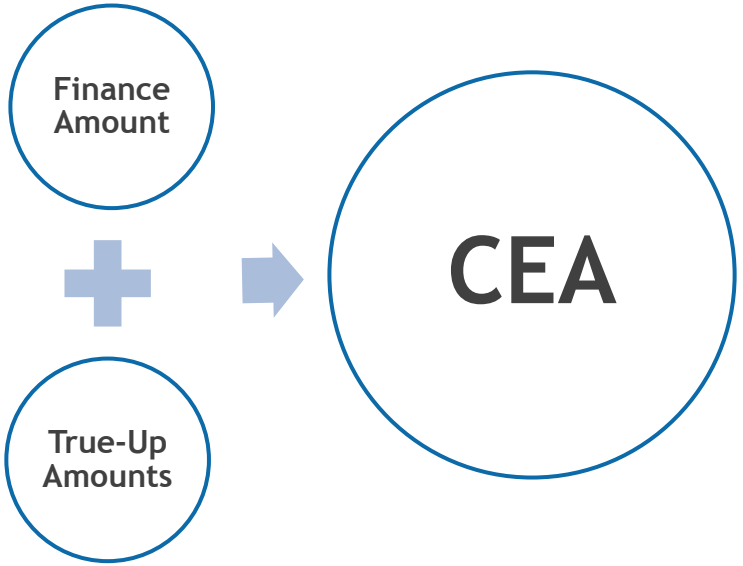

Finance amount is an estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other reasonably foreseeable differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the obligations of the IESO under the Master Transfer & Servicing Agreement, and the ability to include amounts in the CEA by means of the true-up mechanism
- IESO is required to segregate the CEAs during a monthly period before remitting to FHT. If the IESO's credit rating is downgraded below investment grade, the IESO will be required to remit within two business days of receipt

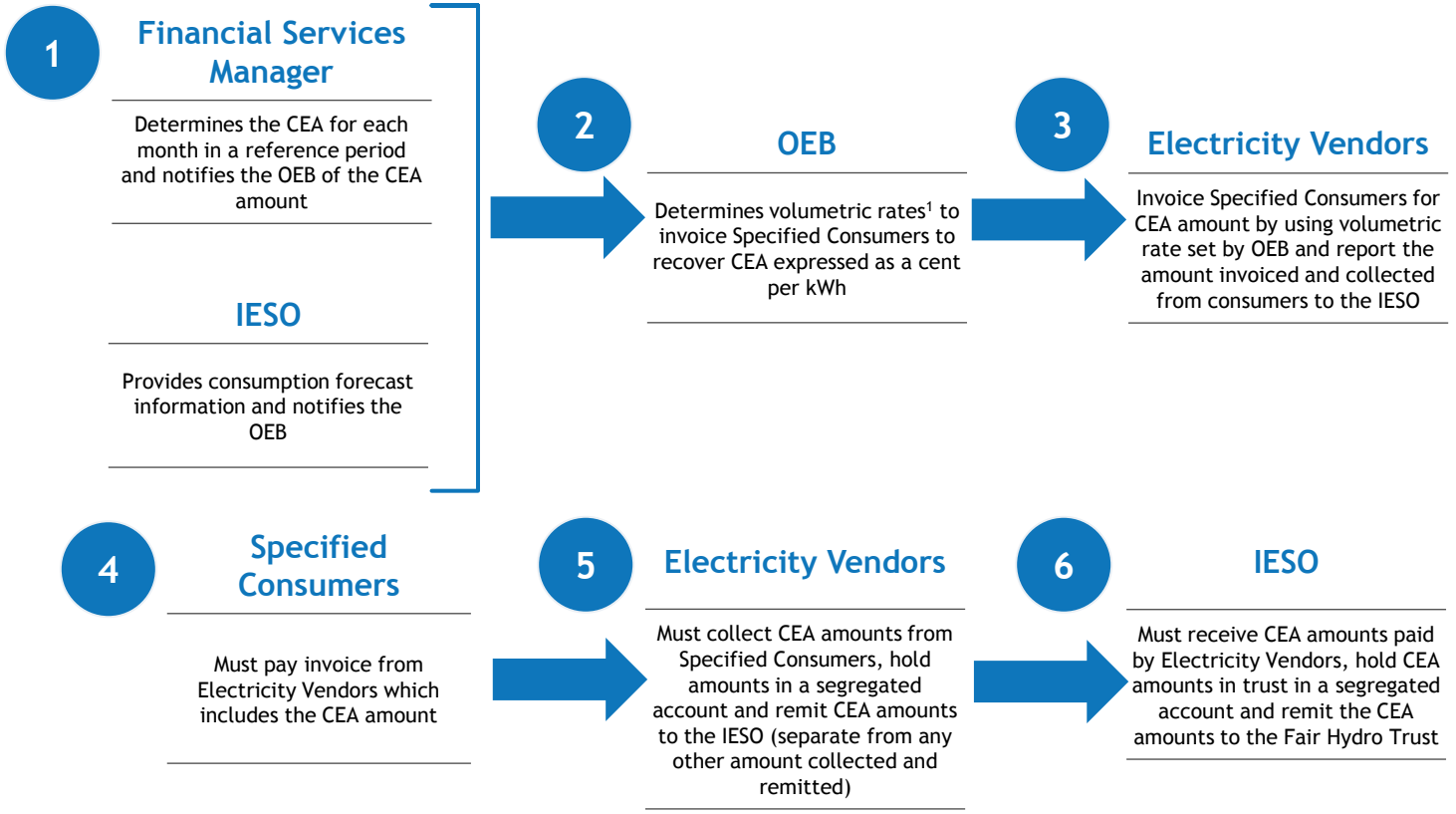

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

Fair Allocation Amount

- The Fair Allocation Amount ("FAA") is an amount calculated under the FHPA by the Minister of Energy in respect of each reference period that, among other things, allocates the estimated value of clean energy costs in proportion to the relative attribution of the value of clean energy benefits among Specified Consumers

Fair Allocation Amount ($ million)

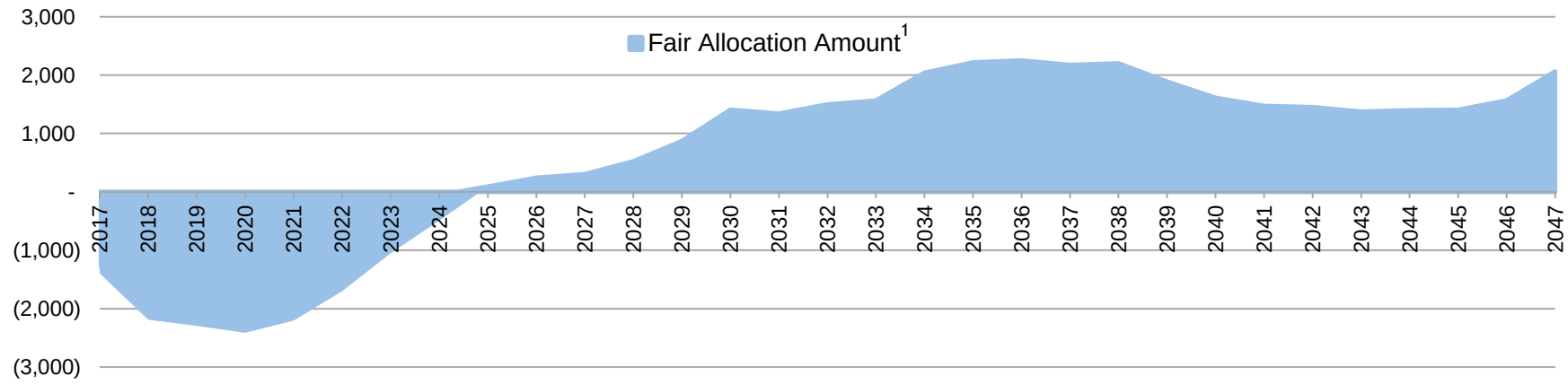

Principal Repayment Profile (derived from the FAA)

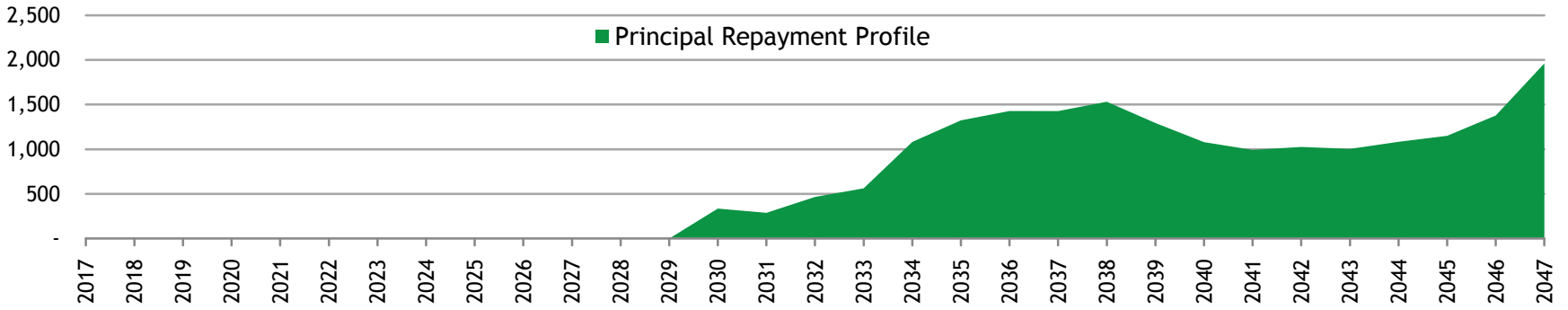

[1] Prior to 2025, the above graph of the FAA incorporates the Readjustment Amount. The Readjustment Amount represents the estimated amounts by which Specified Consumers overpaid for clean energy initiatives in the past. It has been incorporated into the FAA to further reduce electricity bills for such consumers.

IV. Contractual Framework

Simplified Contractual Structure

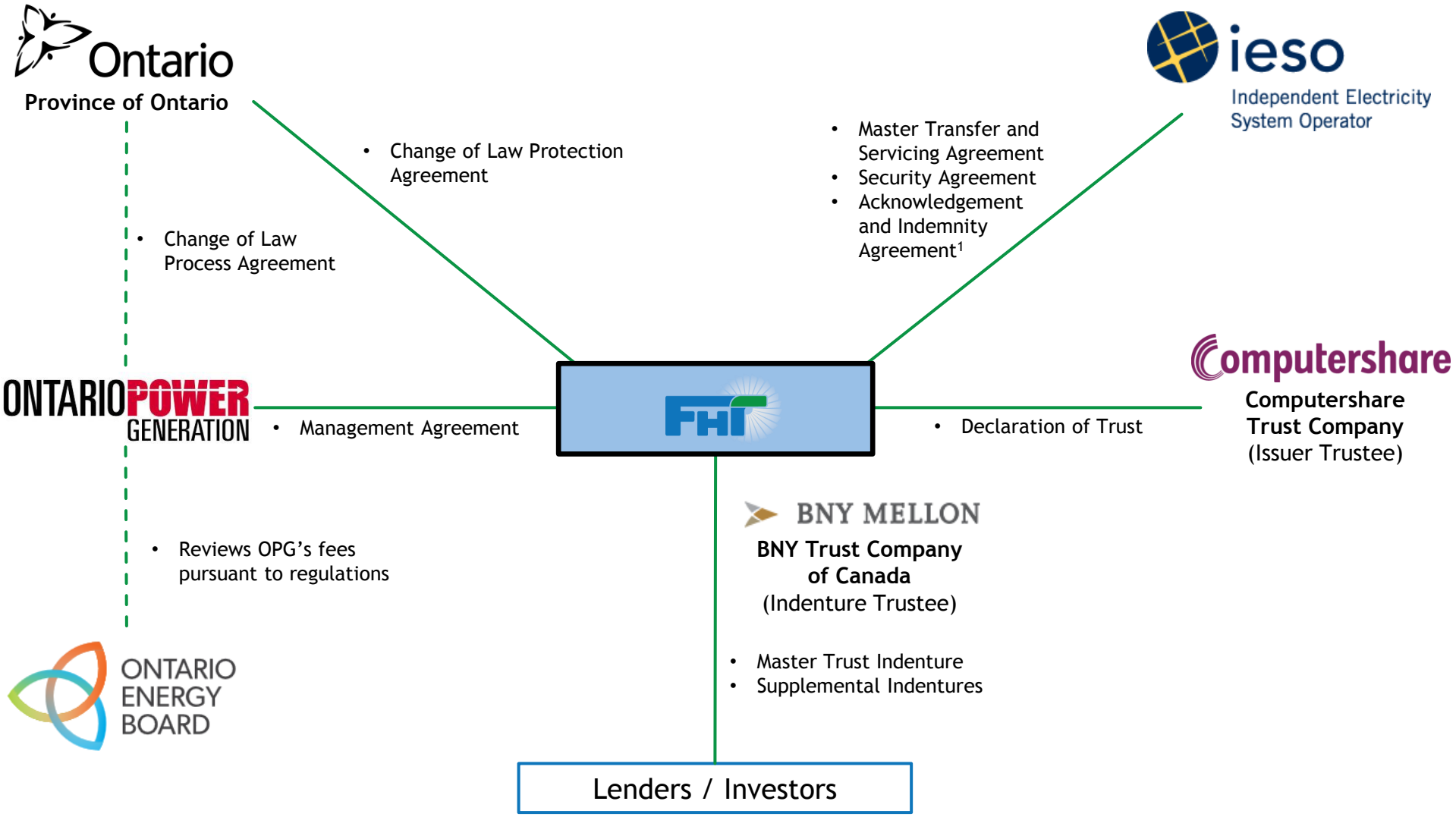

[1] Agreement between IESO and Indenture Trustee.

Contract Highlights

Change of Law Protection Agreement

Purpose	• Provides assurance to Specified Creditors[1] that upon the occurrence of a Protection Event, the Province of Ontario is required to make payments in respect of all Approved Obligations when due and payable
Protection Events	The occurrence of any of the following events: (1) • The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof • The Legislature enacts or amends any other statute • The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof • The Lieutenant Governor in Council makes or amends any "Regulation" as in effect on the date hereof • The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province in each case that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount; or (2) • A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

Note: Additional information on the Change of Law Protection Agreement can be found in the Appendix.

[1] **Specified Creditors** refers to any Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Contract Highlights

Key Agreements

Master Transfer and Servicing Agreement	• Provides for the transfer by the IESO to the Trust of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest in the Investment Asset • The IESO will be responsible for servicing the Investment Interest, including receiving CEA amounts from Electricity Vendors and remitting to the Trust
Management Agreement	• Issuer Trustee delegates to OPG, as Manager under the Management Agreement, all powers and duties of managing the Trust • The Manager will determine how and when to incur funding obligations to acquire Investment Interests
Other Key Agreements	• Security Agreement • Acknowledgement and Indemnity Agreement • Change of Law Process Agreement • Declaration of Trust

Note: Additional information on these key agreements can be found in the Appendix.

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	✔		
Determination of CEA for a Reference Period, including the True-Up Amount	✔		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management	✔	✔	
Preparation of Monthly Servicer Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit and bank funded senior debt) and subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly Regulatory Asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Warehouse Financing	• ABCP conduit and bank funded senior debt with subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated and junior subordinated warehouse debt funded by OPG • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) • FHT may issue debt that may be refinanced in the future
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51% anticipated) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required[1]) will be purchased by OPG, primarily funded by equity injections from the Province (44% of 49%) and the remaining portion from OPG (5% of 49%)

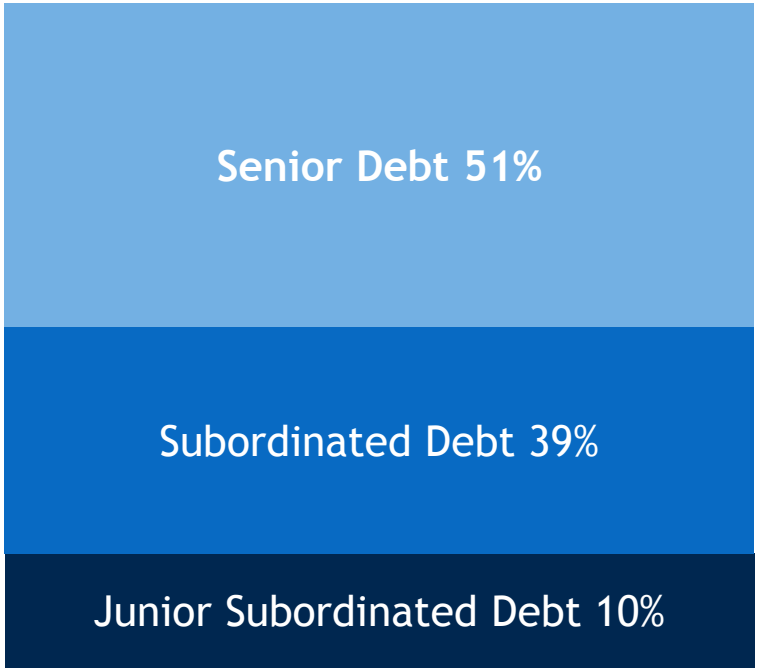

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% subordinated debt.

[1] Under the MTI, FHT is required at all times to ensure that all outstanding subordinated and junior subordinated debt be not less than 35% of all outstanding debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debt will be issued periodically during the period of 2018 - 2028, which are expected to mature over a period after 2029

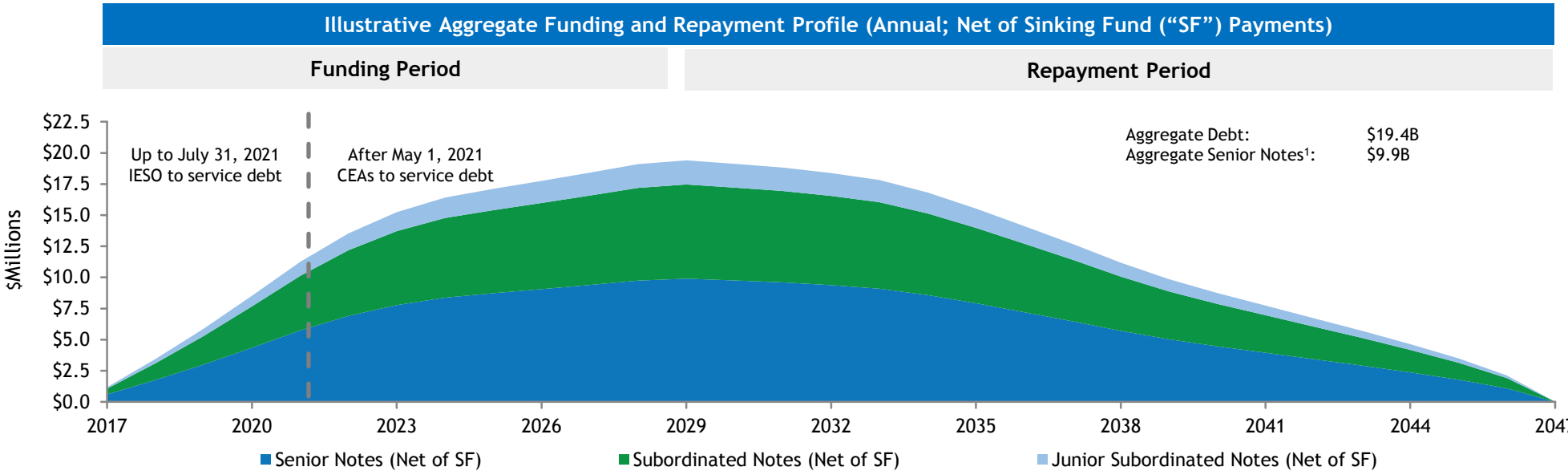

[1] Assumes 51% Senior Notes

Note: During the Moratorium Period and extending three additional months to July 31, 2021, the IESO is required under the Regulations to pay all Carrying Costs. The additional three month period is intended to cover the billing and collection lag from the introduction of Clean Energy Adjustments in May 2021.

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Maximum CEA as a percent of the total bill is forecast to be 10.0%
- Average CEA as a percent of the total bill is forecast to be 6.9%

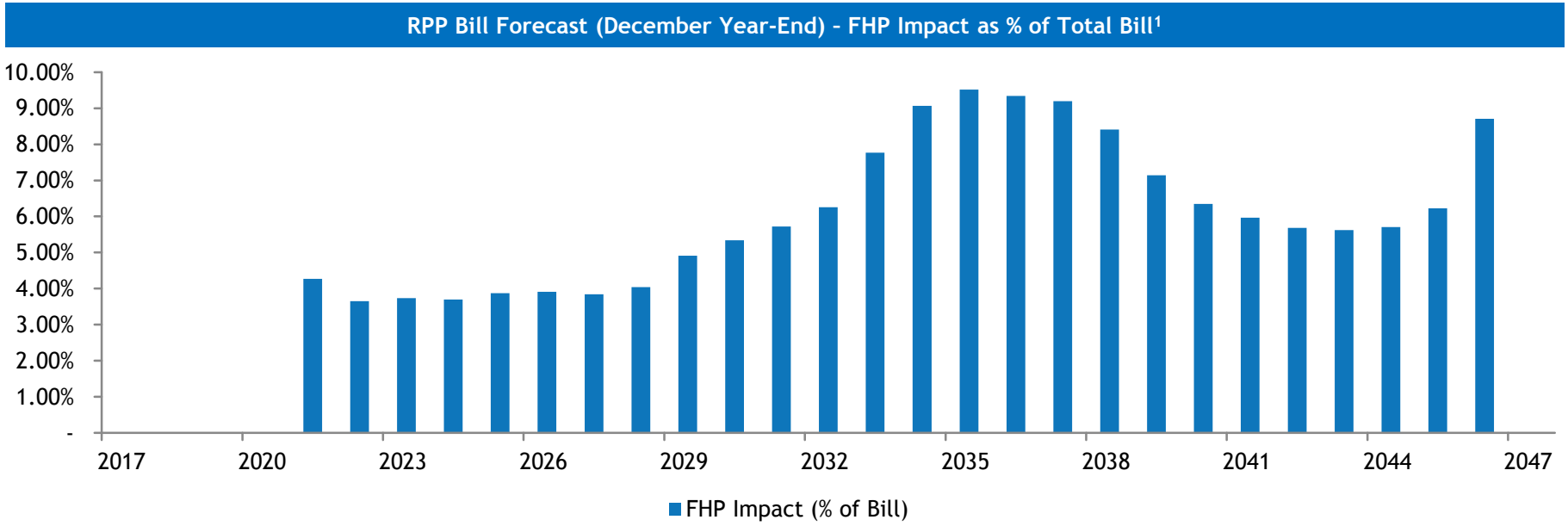

[1] Presents % of total bill at December year-ends; individual months in any given year may have a higher or lower impact as % of total bill.

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including: – Note issuances under supplemental indentures – Borrowings under credit agreements – Purchase of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations – (i) senior – (ii) subordinated – (iii) junior subordinated
Events of Default	• Includes payment and senior defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped under the Regulation at the otherwise scheduled amounts, plus an additional amount equal to the amounts available under the FAA • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness. Accordingly, the subordination of debt across all series of debt should advance the repayment of the principal amount for senior funding obligations • After an acceleration, all Senior Term Notes will be paid pari-passu

Waterfall

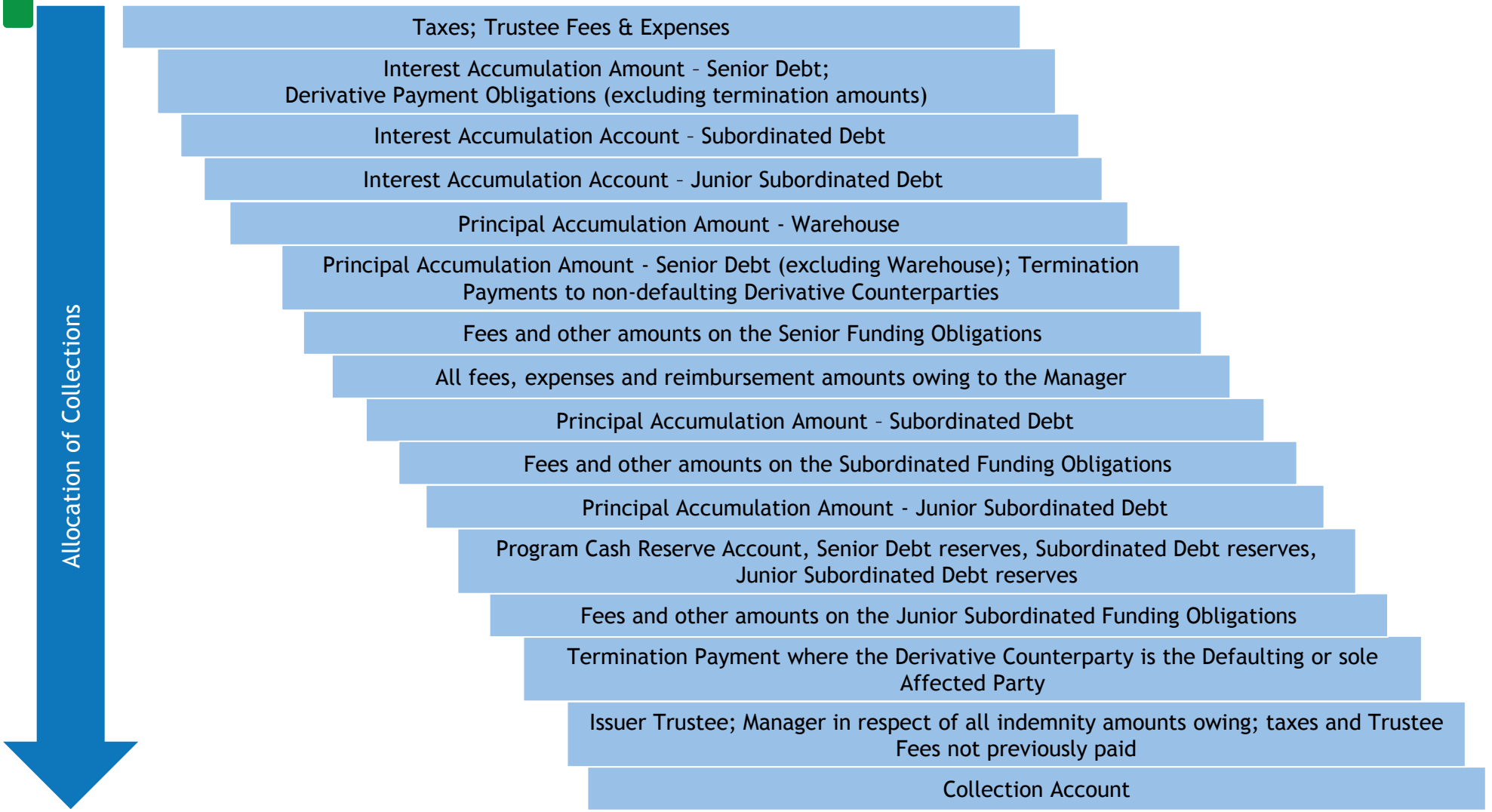

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.
Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in favour of the Indenture Trustee for lenders/investors in these circumstances
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True-up mechanism may result in a delay, but will be corrected in next True-up • Cash reserve and 35%-49% subordination which would first absorb any shortfalls • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• Until July 31, 2021, the Trust is dependent on the IESO to remit payments to the Trust for all Carrying Costs • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and very low losses and grants security over its accounts receivable owed by Electricity Vendors as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment • $2 billion credit facility from the OFA which can be used by the IESO to pay the Carrying Costs
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill over the collection period is forecast to be 10%
Disruptive Technology Risk / Change in Demographics	• Technological developments may result in reduced CEA payments as a result of increased use of alternative energy sources • Population fluctuations may result in fewer Specified Consumers	• True-up mechanism available to offset the reduction in CEAs due to technological advancements or fluctuations in the number of Specified Consumers • Collection shortfalls are allocated among a large base of Specified Consumers

VII. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Term Issuance	**Class**	**Issue Amount**	**% of Initial Aggregate Notes**	**Expected Maturity Date**	**Principal Payment Default Date**	**Expected Ratings (DBRS / Moody's)**
	Senior Term Notes	$[●]MM	51%	May 15, 2033	May 15, 2035	AAA(sf)/Aa2(sf)
	Subordinated Notes	$[●]MM (placed with OPG)	39%	May 15, 2033	May 15, 2035	AA(sf)/Aa2(sf)
	Jr. Subordinated Notes	$[●]MM (placed with OPG)	10%	May 15, 2033	May 15, 2035	A(sf)/Aa2(sf)
Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances (not including principal) from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from residential and small commercial customers in Ontario (After May 1, 2021)					
Payment Frequency	Semi-annual pay on May 15 and November 15 until the Expected Maturity Date, monthly thereafter if the notes are not repaid on the Expected Maturity Date					
Principal Accumulation	Principal will be accumulated monthly commencing January 2030 to facilitate repayment of notes on the Expected Maturity Date					
Interest Type	Fixed rate					
Senior Note Credit Enhancements	• Subordinated and Junior Subordinated notes initially equal to 49% of the aggregate issuance amount • Program Cash Reserve Account • Semi-annual (or more frequent) True-up mechanism to address any shortfalls in collections					
Program Cash Reserve Account	After the Moratorium Period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post Moratorium Period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & non-bypassable ratepayer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers
- Robust true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong ratepayer base in Ontario

Appendix – Key Agreement Summaries

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee as Trustee of the Issuer, on behalf of Specified Creditors[1], and (3) OPG as FSM
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event (see slide 22 for details) the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture ("MTI") remain outstanding • **Limited Guarantee**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called an "Approved Obligation") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other Program Breach or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a Change of Law Process Agreement between OPG and the Province. Any new funding obligations that are incurred during a suspension period will not have the benefit of the Limited Guarantee, except that the Change of Law Protection Agreement applies to post-suspension refinancing of previously issued Approved Obligations

[1] **Specified Creditors** refers to any Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of specified portions of the Regulatory Asset, and upon such transfers the Trust acquires an Investment Interest; also describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the Legislation, including receiving CEA amounts from Electricity Vendors and remitting the same to the Trust; other duties of the IESO include: – Establishing a segregated account for collecting CEAs and using commercially reasonable efforts to cause Electricity Vendors to do the same; – Remitting CEAs monthly to the Trust (unless downgraded below investment grade in which case it will remit within two business days); – Preparing monthly servicer reports; and – Providing a forecast of electricity consumption • **Carrying Costs:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, on behalf of specified creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – Paying taxes on behalf of the Trust • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated all of the powers and duties of managing the Trust to OPG under the Management Agreement

From: Carlos Yep
To: John Kim; Ronald Kwan; Bruno Amara; Ken Kandeepan; John Psinas
Subject: FW: **NEW ISSUE** FAIR HYDRO TRUST
Date: Thursday, April 19, 2018 12:00:47 PM

FYI

From: Donnelly, Ryan [mailto:Ryan.Donnelly@cibc.com]
Sent: Thursday, April 19, 2018 11:58 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Elizabeth Wallace <Elizabeth.Wallace@ofina.on.ca>
Cc: Bartlett, Doug - Debt Capital Markets <Doug.Bartlett@cibc.com>; Janetos, Ben - Debt Capital Markets <Ben.Janetos@cibc.com>
Subject: FW: **NEW ISSUE** FAIR HYDRO TRUST

FYI… The second offering by Fair Hydro Trust has now priced. As the summary below indicates, the offering saw interest from 36 investors which is consistent with the prior offering. This included interest from a few new investors to the program. The total book size was in excess of $1bln.

Ryan

The **Fair Hydro Trust** offering has now priced. The deal was met with strong demand and was upsized to $400 million. The $400 million of senior notes priced at +107 bps vs. the GoC curve, the tight end of spread guidance, for a coupon of 3.52%. The offering was distributed to 36 buyers with average fills in the 5-10% range.

****NEW ISSUE** FAIR HYDRO TRUST**

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	3.52% Senior Notes due May 15, 2038, Series 2018-2 (the "Series 2018-2 Senior Notes").
Expected Credit Ratings:	DBRS: AAA(sf) Moody's: Aa2(sf)
Principal Amount:	$400,000,000
Initial % of Aggregate Notes:	51%
Launch Date:	April 19, 2018
Pricing Date:	April 19, 2018
Settlement Date:	April 24, 2018 (T+3)
Term:	20 years
Expected Maturity Date:	May 15, 2038
Principal Payment Default Date:	May 15, 2040
Par Call Date:	November 15, 2037
Interest Rate:	3.52% per annum
Issue Spread:	**+**107 bps versus Government of Canada curve interpolated between CAN 5% due June 1, 2037 and CAN 4% due June 1, 2041 +107.6 bps (including a 0.6 bps curve adjustment and +0.0 bps delay adjustment), versus the CAN 5% due June 1, 2037 (priced at $138.83 to yield 2.444%)
Issue Yield:	3.52%
Issue Price:	$100.002
Interest Payment Dates:	May 15 and November 15 or next business day
Use of Proceeds:	The proceeds from the Series 2018-2 Senior Notes Offering will be used to refinance $400,000,000 of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement.

Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-2 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.

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From: John Kim
To: Ronald Kwan
Subject: FW: provincial borrowing rate
Date: Tuesday, May 29, 2018 4:41:17 PM

Fyi

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:22 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: provincial borrowing rate

I'd like issues for 2018 to date, as well as anything going forward (we're planning to make it a monthly report).

On Tue, May 29, 2018 at 4:17 PM -0400, "Kim, John (OFA)"
<John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>> wrote:

I think the OFA would be a pretty reliable source….but what do you need exactly? Just a point in time, as in – now or when the issues were done recently? Let me know and I should be able to help.

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: provincial borrowing rate

Hi John, we're preparing an OFHP tracking document and we'd like to include a comparison of FHP issuances to provincial borrowing. Do you know of a reliable public source for recent Ontario government bond issuances? Or could we get that from the OFA?

Tim

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From:	John Kim
To:	Ronald Kwan
Cc:	Usman Zahid; Shajee Kathirgamanathan
Subject:	FW: provincial borrowing rate
Date:	Thursday, May 31, 2018 12:16:10 PM
Attachments:	Debt Funding - Tracking Sheet_v3 (Propose to Share with Energy).xlsx

---

Hi Ron,

Pls. see attached proposed file to be sent over and the original communication below.

We base our numbers off of CFB's daily update files and have full backup saved with links within the file.

Thanks,

John

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Wednesday, May 30, 2018 1:16 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: provincial borrowing rate

ADM/DM here at the ministry. We want to use provincial borrowing information to provide context for the OFHP issuances.

On Wed, May 30, 2018 at 1:13 PM -0400, "Kim, John (OFA)" <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>> wrote:

Just a quick question....who would be the intended audience?

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:39 PM
To: John Kim
Subject: RE: provincial borrowing rate

No rush on this. Thanks for the help John.

-----Original Message-----
From: Kim, John (OFA) [mailto:John.Kim@ofina.on.ca]
Sent: May-29-18 4:37 PM
To: Christie, Tim (ENERGY)
Subject: RE: provincial borrowing rate

When do you need it by? Will aim for tomorrow or Thursday. I have it ready except the analyst in charge is away so will need some digging.

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:22 PM

To: John Kim
Subject: Re: provincial borrowing rate

I'd like issues for 2018 to date, as well as anything going forward (we're planning to make it a monthly report).

On Tue, May 29, 2018 at 4:17 PM -0400, "Kim, John (OFA)" > wrote:

I think the OFA would be a pretty reliable source....but what do you need exactly? Just a point in time, as in - now or when the issues were done recently? Let me know and I should be able to help.

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:11 PM
To: John Kim
Subject: provincial borrowing rate

Hi John, we're preparing an OFHP tracking document and we'd like to include a comparison of FHP issuances to provincial borrowing. Do you know of a reliable public source for recent Ontario government bond issuances? Or could we get that from the OFA?

Tim

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Summary:

Total Funding	Term Debt Takeout
Senior debt	900,000,000.00
Subordinated	688,235,000.00
Junior subordinated	176,471,000.00
Total	**1,764,706,000.00**

Issuing Month	Weighted Average	Ont Yield - 30yr	Ont Yield - 30yr w/ Commission	Debt Issue Maturity	Ont Rate	Ont Rate - w/ Commission	Notes	Souce
February 9, 2018	3.526%	3.23%	3.25%	15 year	3.10%	3.14%	(Feb 9 Rate)	Link
April 24, 2018	3.712%	3.23%	3.26%	20 year	3.22%	3.25%	(Apr 24 rate)	Link
Total	**3.609%**							

Date Issued	Debt Type	Amount	Interest Rate	Maturity Date	Series Number	Comments	Source
February 9, 2018	Senior debt	500,000,000.00	3.357%	May 15, 2033	2018-1		Link
February 9, 2018	Subordinated	382,353,000.00	3.637%	May 15, 2033	2018-1		Link
February 9, 2018	Junior subordinated	98,040,000.00	3.957%	May 15, 2033	2018-1		Link
April 24, 2018	Senior debt	400,000,000.00	3.520%	May 15, 2038	2018-2		LInk
April 24, 2018	Subordinated	305,882,000.00	3.834%	May 15, 2038	2018-2		LInk
April 24, 2018	Junior subordinated	78,431,000.00	4.214%	May 15, 2038	2018-2		LInk

From:	VINER, JON
To:	LEE John -TREASURY; "ken.ryfa@opg.com"; WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Cc:	Thouin, Alena (ENERGY); Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mike Manning; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Mark Donaldson (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan; Huang, Jackson (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); Gadi Mayman
Subject:	Fair Hydro Trust - Disclosure Documents
Date:	Tuesday, January 16, 2018 10:48:20 AM
Attachments:	23291241-v2-Fair Hydro Trust Investor Presentation - Comments.DOCX Fair Hydro Trust OM - Comments of the Province.pdf 2018-1 Senior Notes Term Sheet - Comments of the Province.pdf

---

All,

Please find attached the Province's comments on the offering memorandum, investor presentation and term sheet. We do not have comments on the additional documents circulated on January 5th.

Please let us know if you would like to discuss.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

———————————

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Fair Hydro Trust
Investor Presentation

January [xx], 2018

General Comments:

A. Please consider adding an executive summary given the density of the presentation.

B. Please consider focusing on the mechanics of the FHPA.

Disclaimers

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Some of the statements contained in this presentation, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. The forward-looking information contained in this presentation is presented for the purposes of assisting prospective purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances. Reference should be made to the information under the headings "Caution Regarding Forward-Looking Information" and "Risk Factors" in the Offering Memorandum.

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Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer & Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan

- ~~The Province of Ontario announced its Fair Hydro Plan (FHP) on March 2, 2017, which proposed to lower the average electricity bill for eligible customers1 (referred to as Specified Consumers) by 25% (the Fair Adjustment)~~
- ~~The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax granted by the Ontario government in January 2017~~
- ~~It is expected that the rate reduction will be in effect until April 30, 2021, with any rate increases until that date limited to the rate of inflation in Ontario~~
- **[Rather introduce by focusing on the enacted legislation. Earlier plan and announcement were superceded by the more detailed context of the legislation.]**

Legislation

- On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (~~together, with the regulations promulgated thereunder,~~ the "FHPA" or "Act") to give effect to the FHP~~, legislation that reallocates certain electricity costs over time and provides immediate rate relief contemplated by the Fair Hydro Plan to Specified Consumers~~. **[Track the purpose language in s. 3 OFHPA. Rate reduction is incidental and need not be emphasized.]**
- The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and (together, with the FHPA, the "[Legislation]").
- The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers and referred to as the Clean Energy Adjustment (CEA). The CEA for a period ~~that~~ will be determined in accordance with the Legislation by Ontario Power Generation (OPG) in its role as Financial Services Manager under the Act.
- The CEA will be determined for each month during successive six month reference periods and will be ~~period and~~ converted by the Ontario Energy Board (OEB) into a cent per ~~$/~~kWh rate and added to electricity invoices sent to Specified Consumers ~~commencing on May 1, 2021~~.
- From [July 1, 2017] to April 30, 2021 (the "Moratorium Period"), no payments in respect of the CEA are expected to be collected. During the Moratorium Period and until July 31, 2021, ~~CEA will be collected; during this period~~ the Independent Electricity System Operator (IESO) is obligated to pay all funding and [other expenses] of the [Trust][Financing Entities] (excluding principal) (referred to as "Carrying Costs") under the Regulations. **[Confirm square bracketed information.]**

Fair Hydro Trust

- The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") **[Consider other financing entities?]**through the issuance of senior, subordinated and junior subordinated notes.
- Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis is ring fenced from OPG's other creditors
- The FHT term notes will be repaid through the CEA payments received from Specified Consumers or from the proceeds of one or more refinancings.

1 Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt

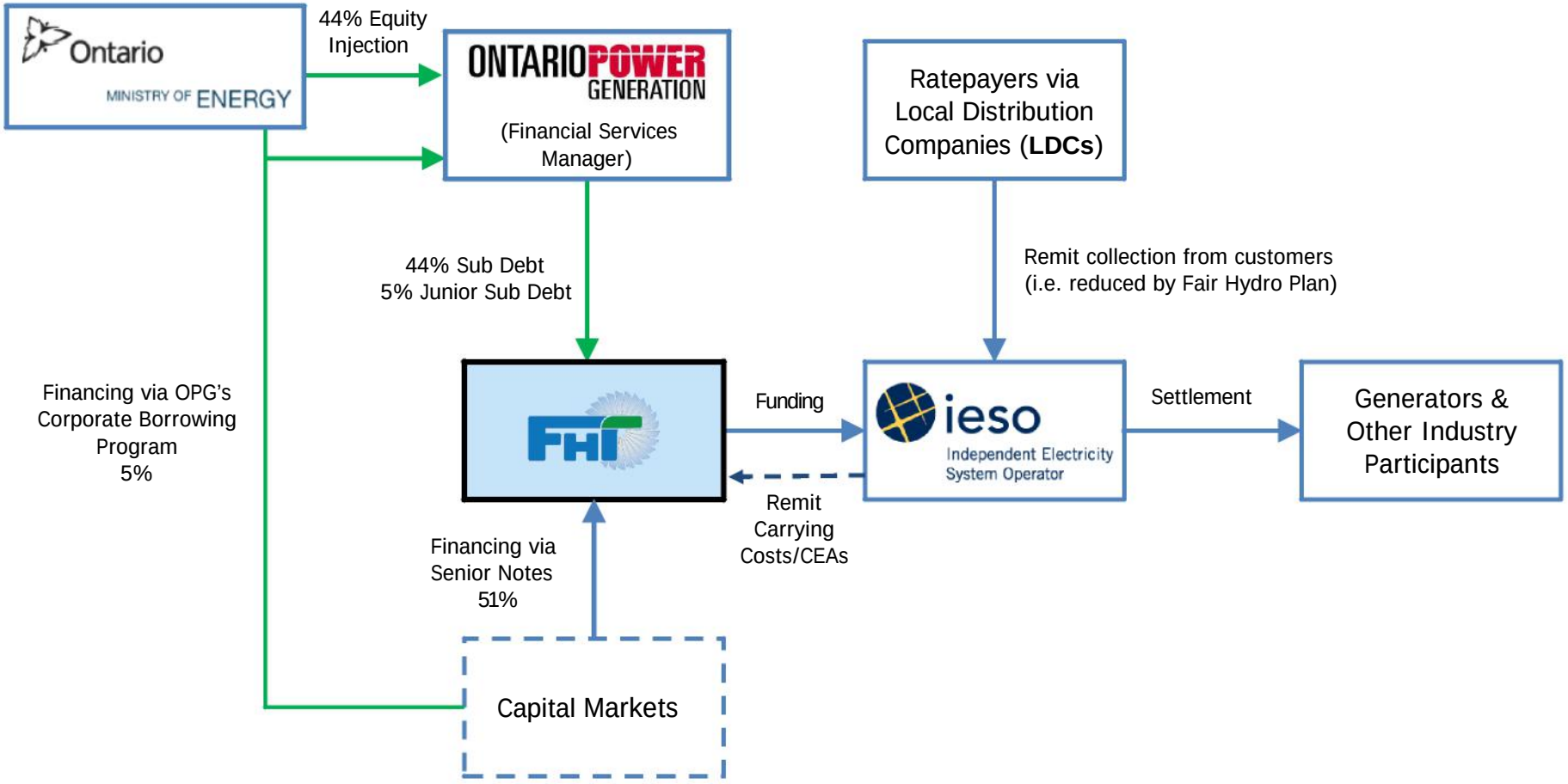

Note: The diagram above is based on subordinated debt of 49% of all outstanding debt; under the Master Trust Indenture, the Trust covenants to maintain the level of subordinated debt plus junior subordinated debt at not less than [35% of all outstanding debt] **[Elaborate]**

Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa. **[Needed?]**

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

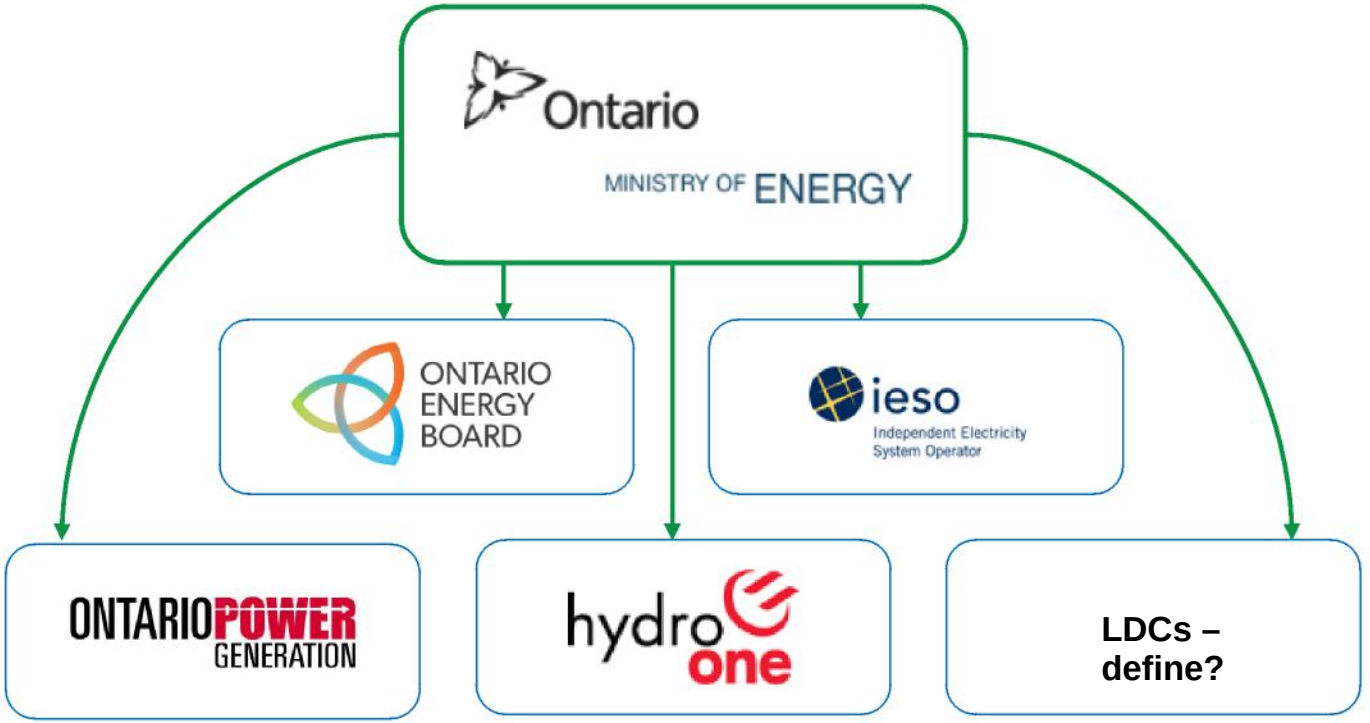

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix to the technical report, entitled "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets the policy for the electricity system
Ontario Energy Board	**--**	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan (RPP); RPP rates are set twice a year (May and November)
IESO Independent Electricity System Operator	**A(h) / -- / Aa2**	• Not-for-profit corporation established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing approximately half of the province's electricity
Hydro One	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities **[Relevance? Not named in OM.]**

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations, including LDCs. The majority of LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	$13,680

1 Source: OEB 2016 Yearbook of Electricity Distributors **[Update?]**
2 Small Commercial includes General Service <50kW Customers
3 Most recent rating reports from S&P, DBRS and Moody's
4 Residential and Small Commercial customers **[Compare to Specified Consumers?]**

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that [results from the Fair Adjustment] **[Please consider more precisions. See the statutory definition of "IESO deferral".]** and records this amount, together with financing costs, in a variance account
- FHT will [acquire the Investment Interest to be financed by…] ~~finance the~~ ~~shortfall and is entitled to recover~~ The acquired Investment Interest entitles FHT to be paid an amount determined by reference to its costs and the principal and interest on its debt, through CEAs from Specified Consumers

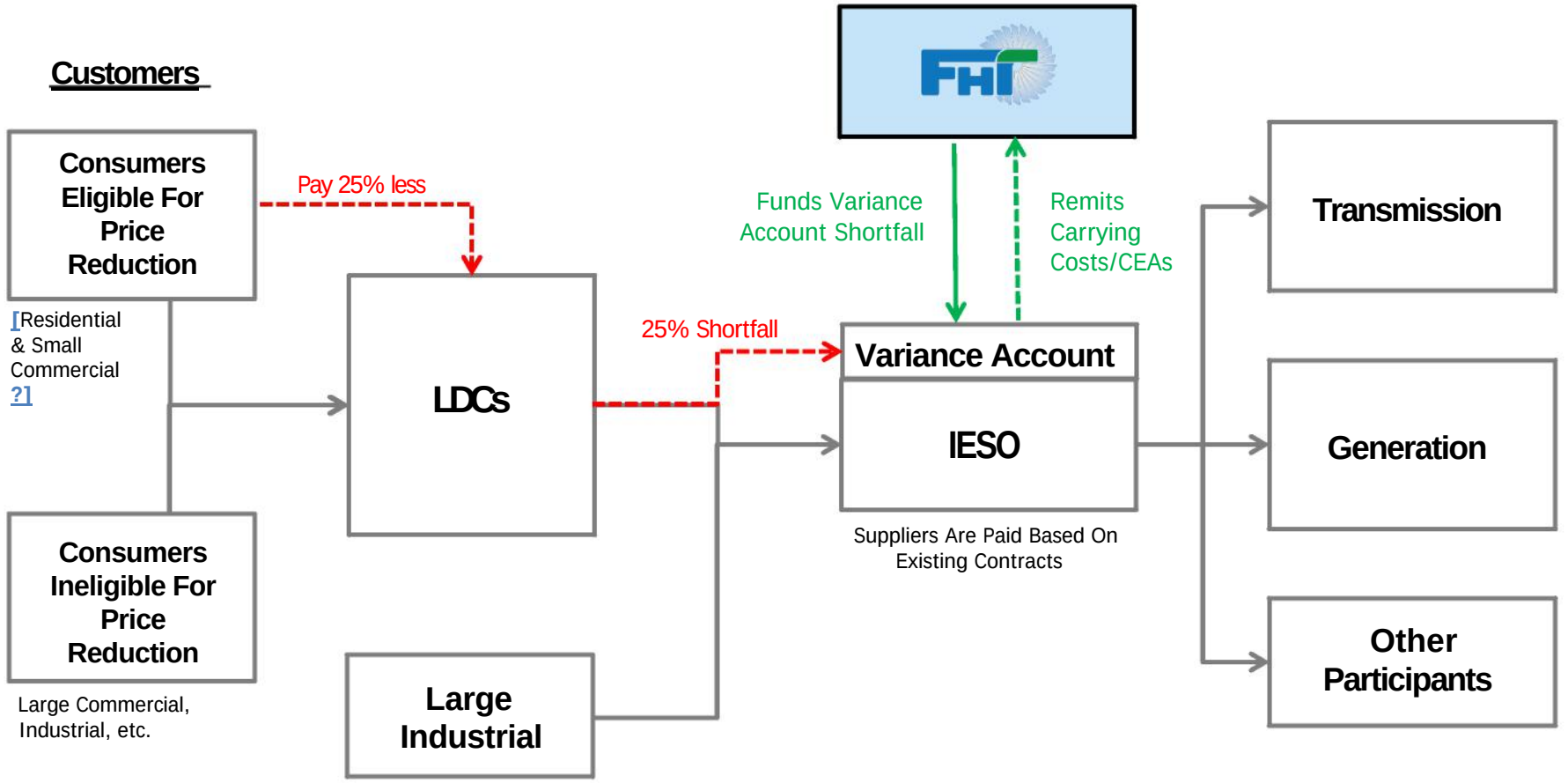

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017** – **April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018** – **April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019** – **April 30, 2021** - rate reductions [will be established by future regulation] but anticipated to increase by the rate of inflation in Ontario

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines [the shortfall that results from the Fair Adjustment] **[Replace with concept of IESO deferral]** and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the "Regulatory Asset") • The IESO may transfer a specified portion of the Regulatory Asset to **[**the Trust**]** for a cash purchase price equal to the corresponding amount recorded in the variance account
Investment Asset and Investment Interests	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an **"**Investment Interest**"**) • By acquiring an Investment Interest, **[**the Trust**]** will be entitled to recover all of its associated financing costs and acquires the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers in accordance with the Legislation
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are **[**not permitted to be collected from Specified Consumers during this period**]** **[Conform to Legislation]** • The IESO is obligated to pay [the Trust all Carrying Costs**]**, excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in all of its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion general credit facility from the Ontario Financing Authority (OFA) which can be used to pay the Carrying Costs **[Suggestive that OFA line will necessarily be available to cover varying costs?]**

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the [cost of financing the shortfall from the Fair Adjustment] **[consider precision/alignment with Legislation]** and the associated costs of the financing, including payment of principal, operating costs of the Trust and funding of reserve accounts
- CEAs shown on an invoice issued to Specified Consumers represents the amount of the consumers' indebtedness and may not be set off or bypassed

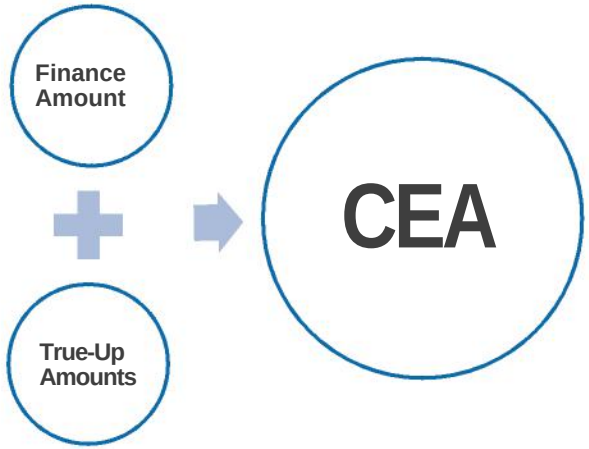

Finance amount = estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the collection obligations of the IESO under the Master Transfer & Servicing Agreement (MTSA), and the ability to include amounts into the true up mechanism
- IESO is allowed to commingle the CEAs during a monthly period before remitting to FHT. If the IESO's rating is downgraded below investment grade, it will not be allowed to commingle CEAs and will remit within two business days of receipt

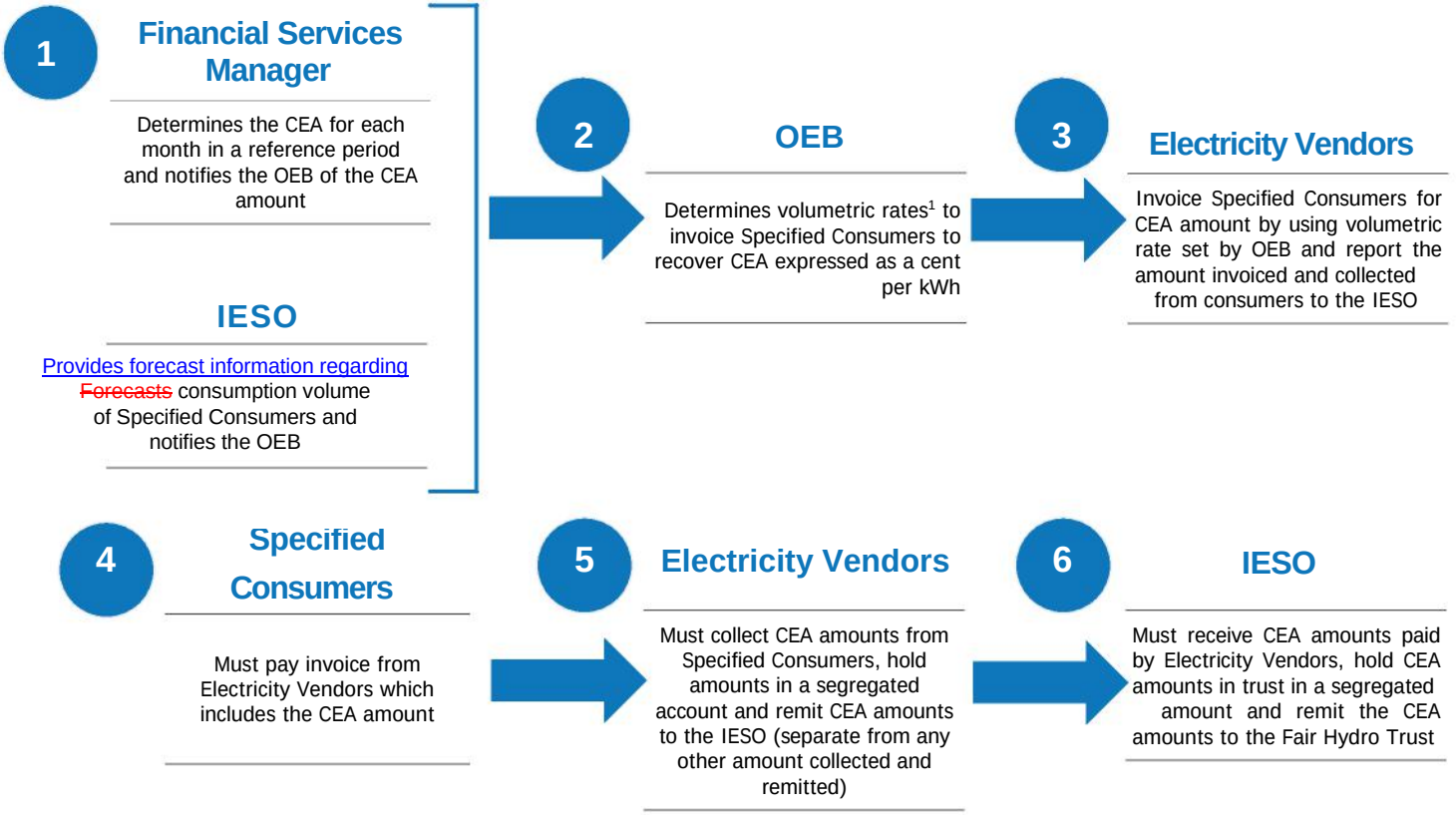

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

[Please note that the graph on this slide was distorted in converting the pdf to Word to insert comments.]

[Please delete the text on this slide. Fair allocation amount is a calculation amount. It is not based on an expectation – it is an absolute value at a point in time.]

[Please revise the chart to aggregate the Fair Allocation Amount and Readjustment Amount such that only one indistinguishable amount is shown.]

- ~~The Fair Allocation Amount (FAA) is the estimated clean energy costs without the FHP compared to these same costs reallocated on the basis of estimated clean energy benefits to Specified Consumers in respect of each reference period and includes operating and financing costs of the FHT~~
- ~~If the FAA is negative, this means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of clean energy costs (with the consequent rate reduction for current Specified Consumers); the FAA is expected to be negative until at least May 2024~~
- ~~The Ministry of Energy may provide updated FAAs to OPG from time-to-time~~

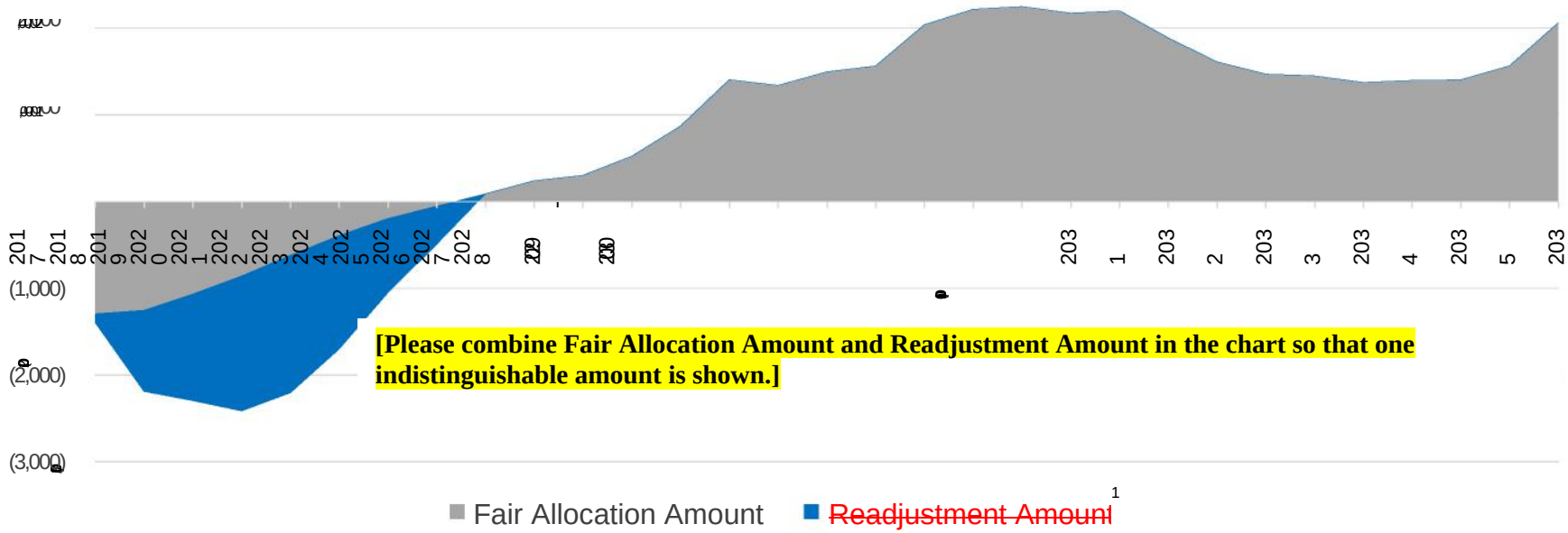

[Please combine Fair Allocation Amount and Readjustment Amount in the chart so that one indistinguishable amount is shown.]

IV. Contractual Framework

Simplified Contractual Structure

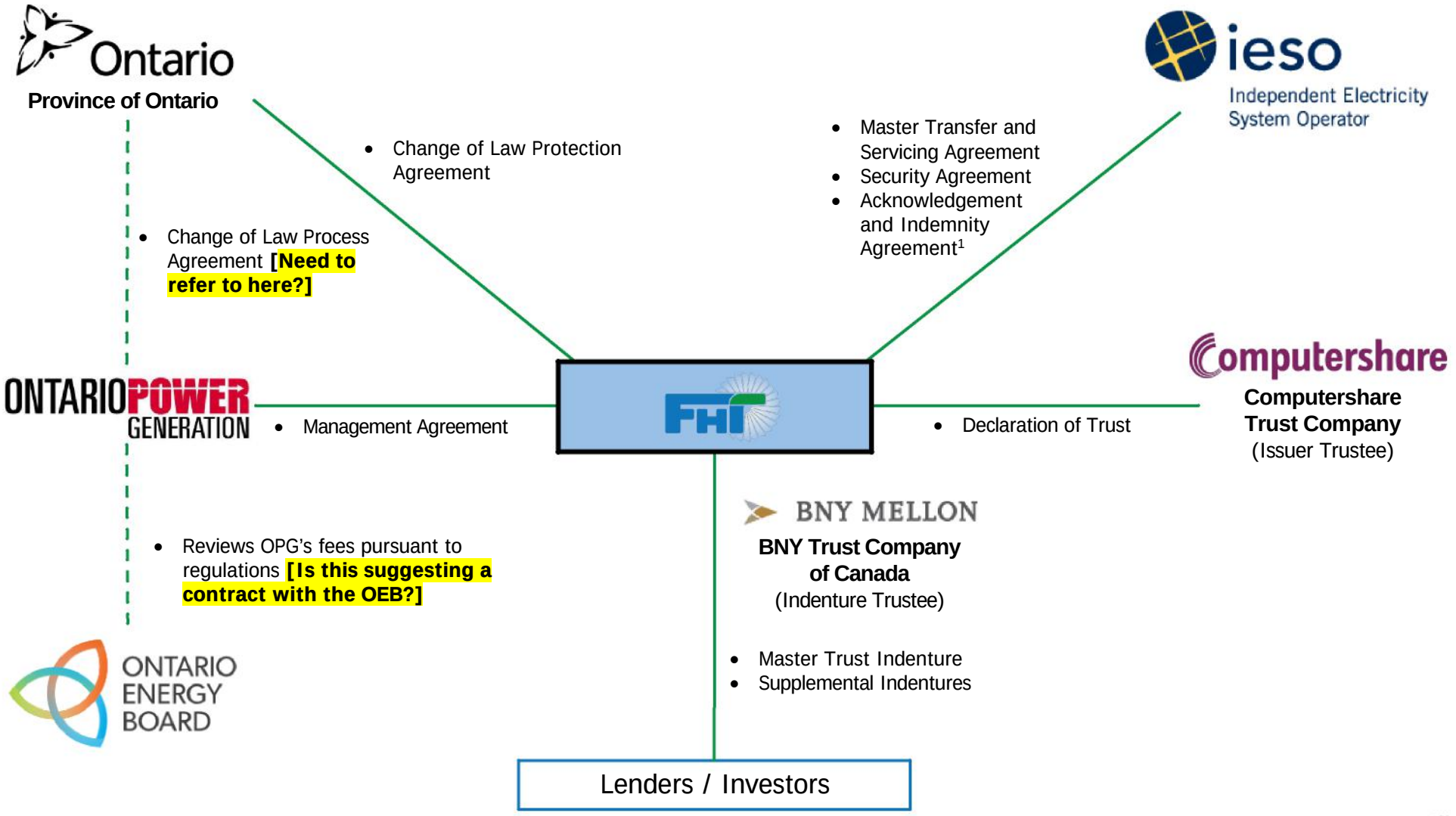

[1] Agreement between IESO and Indenture Trustee.

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee, ~~as Trustee of the Issuer, on behalf of Specified Creditors~~[1] as trustee for Specified Creditors1, and (3) OPG as Financial Services Manager (FSM) and as Manager
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event referred to below, the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding **[Conform to agreement]** • **Limited Guarantee** ~~**Mandatory Payment**~~: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable (subject to limits on payment obligations following an acceleration) • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called an ~~issuance of debt which is to benefit from the Change of Law Protection Agreement from the Province (such debt~~ "Approved Obligation~~s~~") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other [Program Breach] or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a change of law process agreement between OPG and the Province. Any ~~, and any~~ new funding obligations that are incurred during a suspension period will not have the benefit of the Limited Guarantee ~~Change of Law Protection Agreement,~~ except that the Change of Law Protection Agreement applies to Post-Suspension Refinancing of previously issued Pre-Approved Refinancing

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events:

(1)

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "Regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

(2)

- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to [the Trust] of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest and describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the regulations **[Consider distinguishing MTSA and regulations]**, including collecting CEA amounts from Electricity Vendors and remitting the same to the [Trust], including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause Electricity Vendors to do the same; – Collect CEAs from Electricity Vendors; – Remit CEAs monthly to [the Trust] (unless downgraded below investment grade in which case it will remit daily); – Prepare monthly servicer reports; and – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements (cont'd)

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, as trustee for ~~on behalf of~~ Specified Creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – [Paying taxes on behalf of the Trust]**[Confirm OPG's obligation re tax]** • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests **[Or is this the FSM?]** • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulations to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated substantially all of **[**the powers and**]** **[Confirm]** duties of managing the Trust to OPG under the Management Agreement

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	✓		
Determination of CEA for a Reference Period, including the True-Up Amount	✓		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	✓		
Management of Ongoing Debt Issuances	✓		
Cash Management	✓	✓	
Preparation of Monthly Servicer Reports		✓	
Remittance of CEA to IESO and to the Trust		✓	✓
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✓	✓
Customer Billing			✓
Customer Collections			✓
Customer Meter Reading			✓

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program, as the initial FSM appointed under the Act
- Given the size (~[$20][Confirm] billion) and longevity (~[10][Confirm] years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Initial Warehouse financing (ABCP conduit and bank funded senior debt) and subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly [Regulatory Asset purchases] from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- For example, term debt can take the form of bullet bonds or could be issued as amortizing bonds

Initial Warehouse	• ABCP conduit and bank funded senior debt and subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated debt and junior subordinated debt funded by OPG • Both Canadian term debt [and U.S. term debt market will be considered] **[Confirm]** • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) **[Describe possible refinancings of shorter maturing debt?]**
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall **[Principal only?]**)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be **[Incurrence or maintenance requirement?]** purchased by OPG, primarily funded by equity injections from the Province (44% of the 49%) and the remaining portion from OPG (5% of 49%)

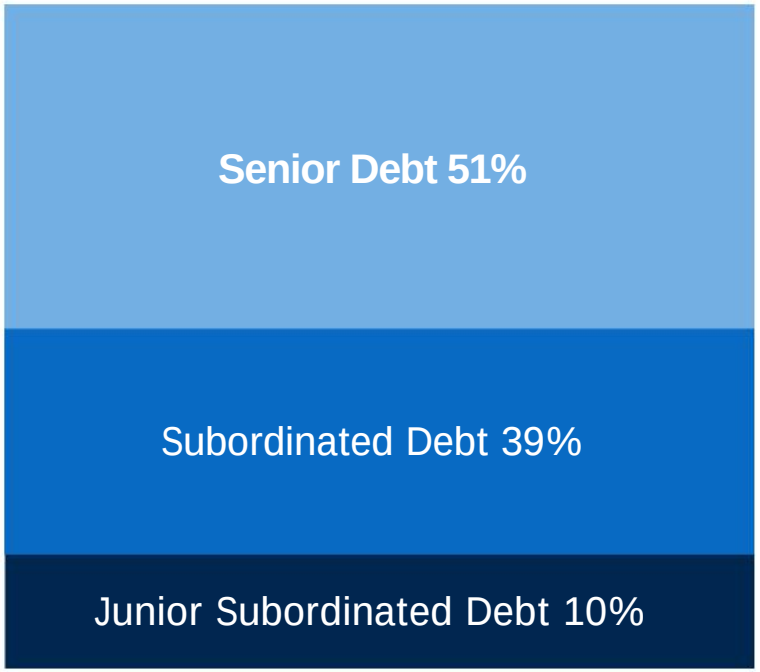

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% Subordinated Debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount **[repayments, but not incurrences]** and the Province's electricity bill reduction targets the following debt profile for the program is expected, peaking at just under $20 billion by 2029 **[Confirm]**
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which are expected to mature over a period after 2029 **[Confirm. Consider refinancings or shorter maturities?]**

Illustrative Aggregate Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

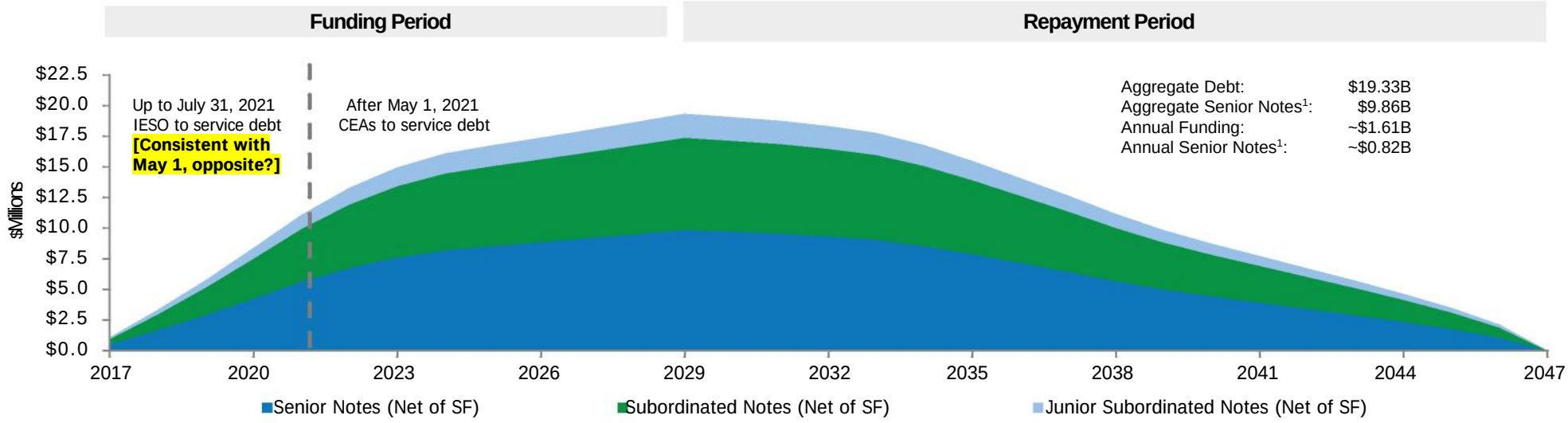

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Max CEA as a percent of the total bill is forecast to be 10.1%
- Average CEA as a percent of the total bill is forecast to be 6.9%

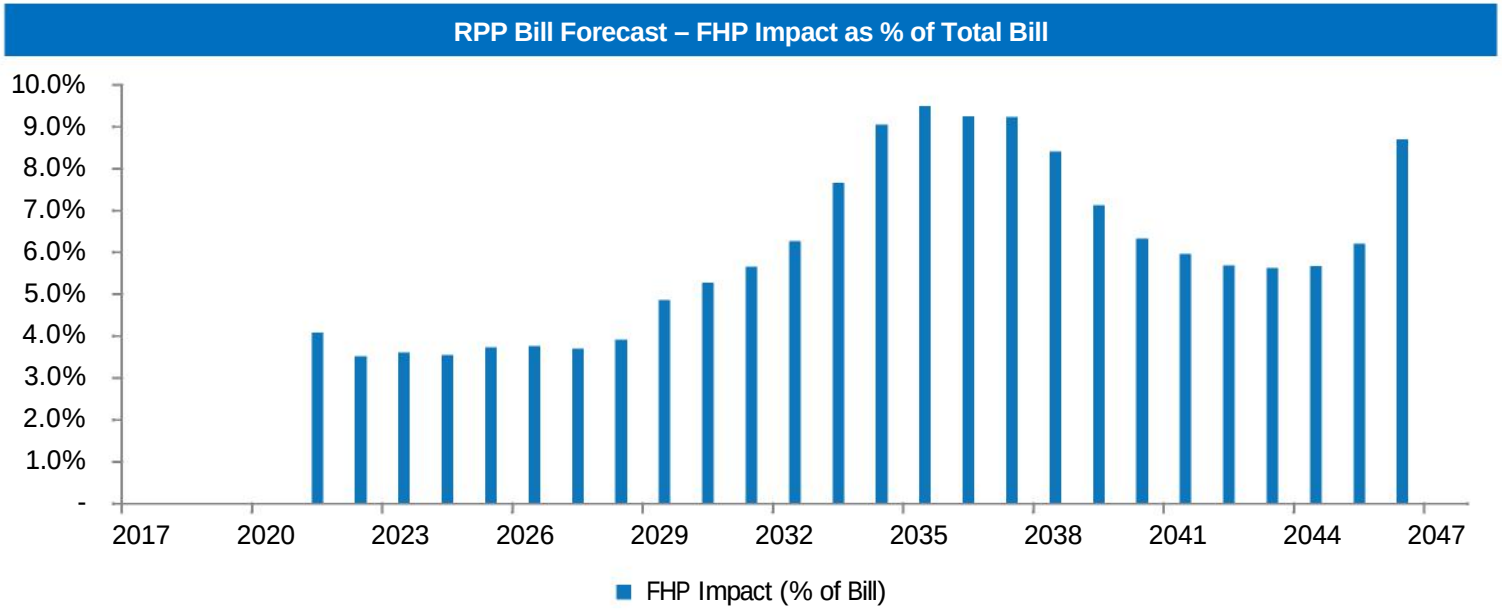

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments, including: – Note issuances under supplemental indentures – Borrowings under future credit agreements – Sales of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations – (i) senior – (ii) subordinated – (iii) junior subordinated
Events of Default	• Include payment defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped ~~CEAs cannot be increased to the level required to immediately repay all outstanding principal following acceleration. The increase in CEAs is limited~~ under the Regulation at the otherwise scheduled amounts, plus an additional amount if the aggregate of those otherwise scheduled amounts would be less than ~~to the amount available per~~ the FAA for the period • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness ~~CEAs are allocated to paying the senior indebtedness first~~. Accordingly, the subordination of debt across all series of debt should ~~would~~ advance the repayment of the principal amount for senior funding obligations • After an acceleration, all **[Confirm. Can a series elect to defer payment on acceleration?]** Senior Term Notes will be paid pa~~r~~ri passu

Waterfall

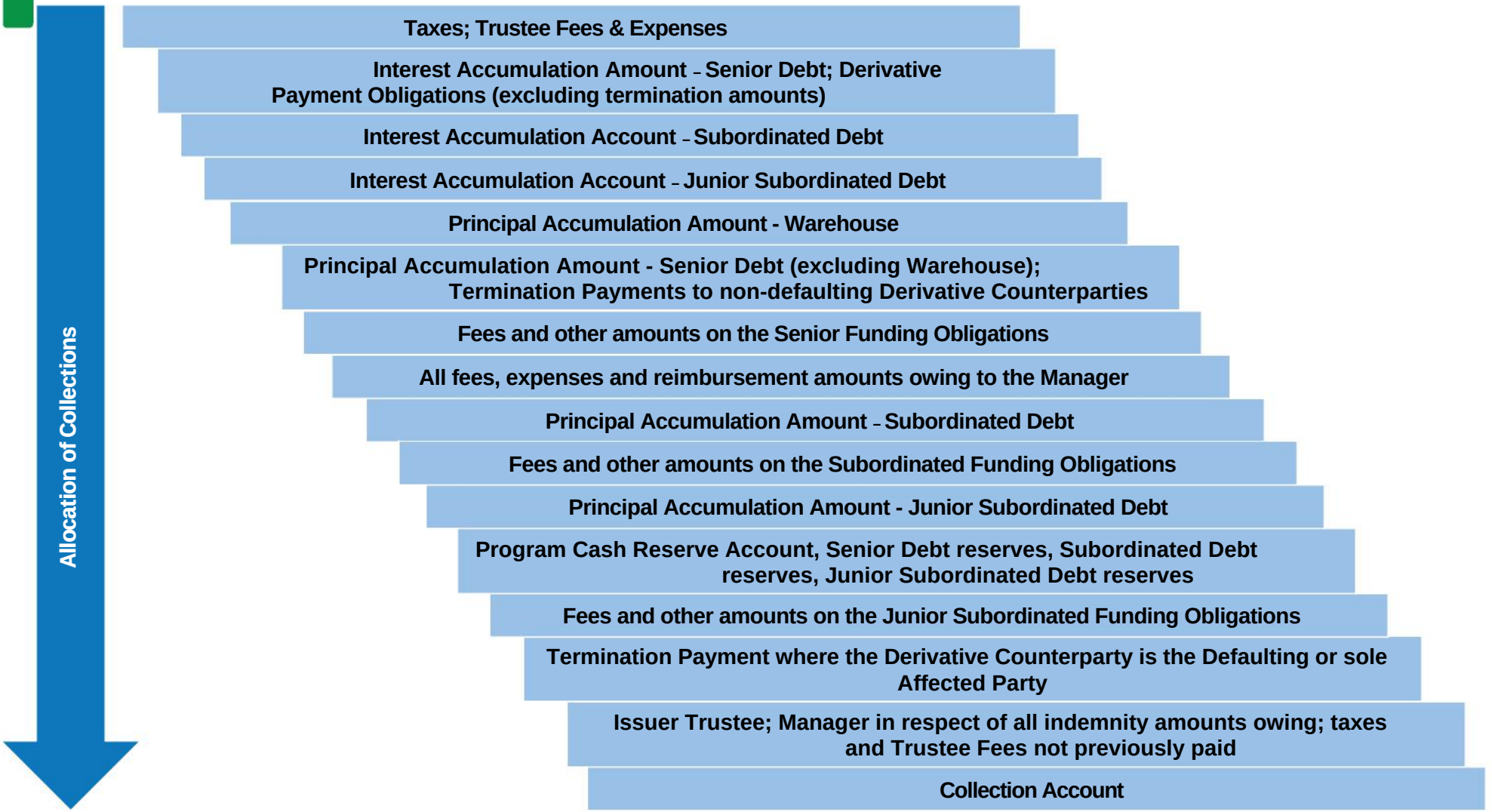

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.

Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Term Issuance	**Class**	**Size**	**% of Trust**	**Expected Maturity**	**Principal Payment Default Date**	**Rating (DBRS / Moody's)**
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA (sf) / Aa2 (sf)
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
ssuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances (not including principal) from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from certain residential and commercial customers in Ontario, related collections and reserve accounts (After May 1, 2021)					
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	Principal Accumulation Date ● , 20●			Principal Accumulation Amount $●		
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual (or more frequent) True-up • Reserve Account • Subordination					
Program Cash Reserve Account	After Moratorium period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post-moratorium period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					
Additional Issuance	Master Trust Indenture allows for the issuance of additional notes subject to satisfaction of Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in favour of the Indenture Trustee for lenders/investors in these circumstances
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True up mechanism may result in a delay, but will be corrected in next True up **[Frequency?]** • Cash reserve and 35%-49% subordination which would first absorb any shortfalls **[Maintenance vs Incurrence?]** • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• During the Moratorium Period, the Trust is dependent on the IESO to pay for all Carrying Costs **[Suggests that IESO will pay; not provide cash for Trust to pay]** • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an ~~on~~ LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and [very low losses] **[Any? Socialized?]** and grants security over all of its accounts receivables as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held ~~for the commingling of CEAs~~ by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment **[Sensitive?]** • $2 billion general credit facility from the OFA which can be used to pay the Carrying Costs
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill is forecast to be ~10%

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & non-bypassable rate payer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers (Joint and Several Liability)
- Robust ~~Enhanced~~ true-up mechanism **[If this is comparing to a precedent deal, should indicate the comparison]**
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory **[Meaning?]**
- No large user industrial risk exposure **[Meaning?]**

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust ~~established under~~governed by the laws of the Province of Ontario, established by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, ~~Ontario Power Generation Inc. ("**OPG**")~~OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~ obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

[1] **Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.
[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with

liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA ..... ~~vii~~viii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO ..... ~~15~~17
ONTARIO'S FAIR HYDRO PLAN ..... ~~18~~20
CHANGE OF LAW PROTECTION AGREEMENT ..... ~~24~~27
THE ISSUER ..... ~~27~~32
THE MANAGER ..... ~~29~~34
SUBORDINATED DEBT ..... ~~32~~36
SHORT TERM INDEBTEDNESS ..... ~~33~~37
THE TRANSFEROR AND SERVICER ..... ~~34~~38
CREDIT RATINGS ..... ~~36~~40
RATING AGENCY CONDITION ..... ~~36~~40
CAPITAL MARKETS PLATFORM ..... ~~37~~41
DESCRIPTION OF NOTES ..... ~~60~~65
DEPOSITORY SERVICES ..... ~~63~~68
PLAN OF DISTRIBUTION ..... ~~64~~69
RISK FACTORS ..... ~~65~~70
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS ..... ~~77~~83
LANGUAGE OF DOCUMENTS ..... ~~81~~87
RESTRICTIONS ON RESALE ..... ~~81~~87
REPORTING REQUIREMENTS ..... ~~82~~88
STATUTORY RIGHTS OF ACTION ..... ~~82~~88
INDENTURE TRUSTEE ..... ~~93~~98
LEGAL MATTERS ..... ~~93~~98
GLOSSARY ..... ~~94~~99
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES ..... ~~106~~111
EXHIBIT 1 ~~– INVESTOR PRESENTATION~~ ..... ~~107~~ 112

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be ~~significantly~~ impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

[3] **Note:** Please complete.
[4] **Note:** Please complete.

- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete

certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See "— *Change of Law Protection Agreement*".
Ontario~~'s~~ Fair Hydro Plan Act:	~~On March 2, 2017, the Province of Ontario announced its Fair Hydro Plan, proposing to lower the average electricity bill for certain eligible customers.~~ On June 1, 2017, the Ontario ~~government~~Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"), ~~legislation that reallocates certain electricity costs over time and provides immediate rate relief to~~. The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms)~~. From~~; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[~~1~~6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding**

[~~1~~6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

	Obligations") for the purposes of the FHPA and the Regulations.[8] The Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10] Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the ~~right~~rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the

[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager ~~and will be converted by the OEB into a $/kWh rate and added to the electricity invoices sent to~~based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment ~~is an amount~~will be determined by the Financial Services Manager for each month in a Reference Period ~~(which is generally a six month period, subject to more frequent determinations in certain circumstances)~~ and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which ~~includes all financing and other expenses of the Issuer for~~will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is ~~comprised of~~required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods ~~plus other anticipated shortfalls.~~ .

The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption ~~and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not ~~be~~been paid in full. The

Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for ~~such~~a Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other ~~carrying costs~~Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, ~~2021,~~2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its ~~carrying costs~~Carrying Costs. Under the Regulations, ~~"carrying costs"~~Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement,[14] the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■,

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

[14] **Note:** Not sure how this lines up with fee recovery.

which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment ~~after such time shall~~for a period will be determined without regard to the fact that such amount has become ~~immediately~~ due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[15]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][16], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

[15] **Note:** Add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and specifically address in Risk Factors.

[16] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed ~~in $/~~as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment ~~in respect of the relevant period of time~~ as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast ~~provided by the IESO~~ of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment ~~commencing May 1, 2021,~~ as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][17], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][18] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[19] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[20] It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[21]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days

[17] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.
[18] **Note:** Please see note 17.
[19] **Note:** Please see note 17.
[20] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.
[21] **Note:** Please confirm.

prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See *"The Manager"*.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][22], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][23] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including ~~forecasting~~providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional

[22] **Note:** Please see note 17 regarding bracketed references to the "Issuer" in this paragraph..

[23] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][24] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the ~~Issuer and the~~ Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" ~~under~~when due and payable into the ~~Change of Law~~ Protection ~~Agreement and which~~Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of ~~the~~ Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years ~~and which~~that are not terminable by the Issuer on less than three years' notice ~~and on payment~~under which the Manager, acting reasonably, expects aggregate payments by the Issuer ~~of~~during the term of the contract in an amount ~~equal to or less than~~in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA~~, in whole~~ or ~~in part~~any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not

[24] **Note:** Please confirm.

replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA~~, in whole~~ or ~~in part~~any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the ~~Province of Ontario~~Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or ~~any~~an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (~~a~~i) to (~~e~~v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture

Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts ~~in respect of Approved Obligations, including the Senior Notes, the~~when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have ~~a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master

Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant ~~or representation of OPG~~, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions ~~having~~have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall ~~cease to~~not apply ~~only~~ in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer~~, in each case following delivery of a Suspension Notice~~.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension ~~if~~that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[25] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[26]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities ~~and having~~for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA~~, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits~~.[27] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

~~Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024. Accordingly, the~~[28] The Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May

[25] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.
[26] **Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.
[27] **Note:** We have omitted narrative regarding the purposes of the legislation that is not a strict recital of section 3 of the FHPA. The deleted language is not precise and draws a connection to clean energy benefits that is not in the FHPA nor entirely accurate.
[28] **Note:** Fair allocation amount is a calculation amount. It is not based on an expectation – it is an absolute value at a point in time. We recommend deleting this language as it is inappropriate.

	2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the [ability to accelerate][29] their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes. The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.
Subordinated Debt:	Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes. Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.

[29] **Note:** CEAs will automatically step up at the original maturity date without the need to accelerate assuming a refinancing cannot be completed.

Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of ~~carrying costs~~Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay ~~carrying costs~~Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering. See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then

subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103).

By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.

Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit

of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers,

acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:[30]

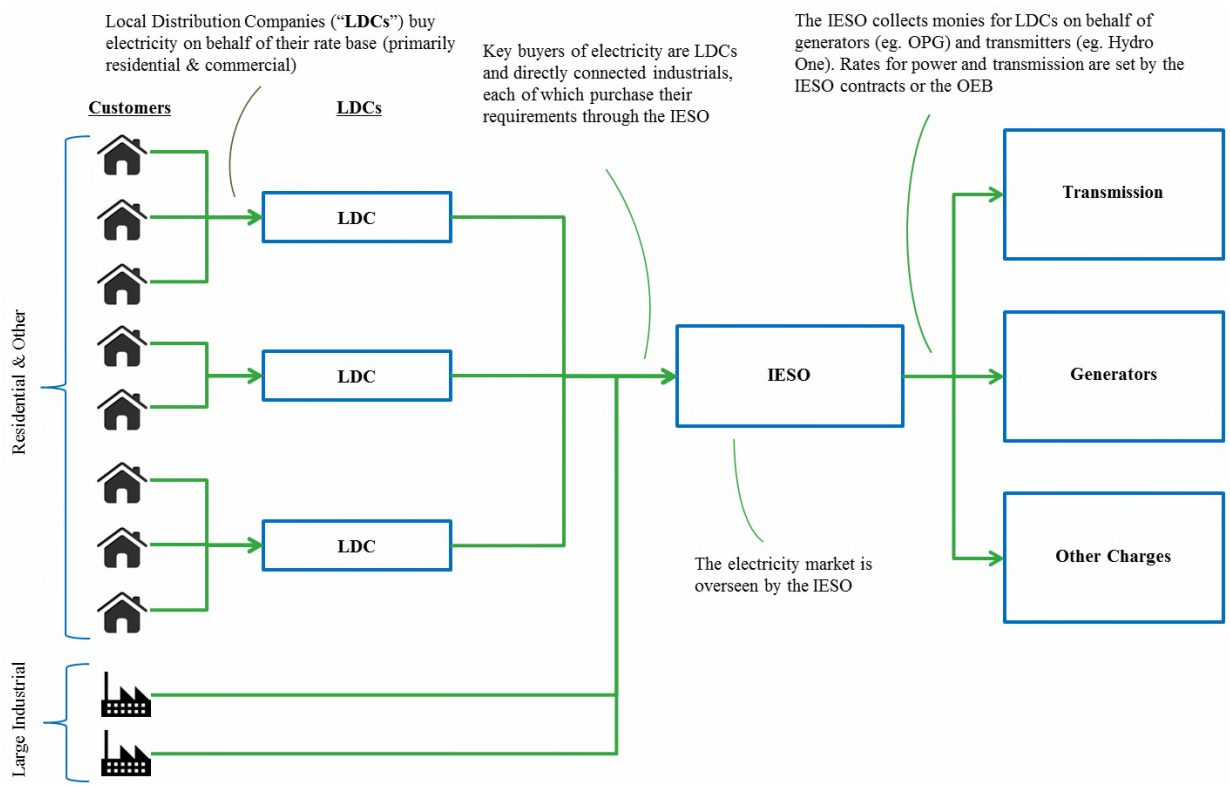

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two ~~main~~ components that make up the commodity cost of electricity in Ontario, the ~~hourly~~Hourly Ontario ~~energy price~~Energy Price ("**HOEP**") and the ~~global adjustment~~Global Adjustment charge.

[30] **Note:** Proposed revisions to the text in the chart: (i) "The electricity market is ~~overseen~~ administered by the IESO"; (ii) "~~Rates for power and transmission are set by the IESO contracts or the OEB~~ Prices paid to generators are determined by IESO contracts or approved by the OEB. Transmission rates are approved by the OEB."

- The HOEP is set by the IESO ~~on an hourly basis~~ based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is ~~also~~ paid by ~~loads~~all consumers. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For ~~all loads with a peak demand under 500 kW (in other words,~~ all Specified Consumers~~),~~[31] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities in this regard, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered commodity prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in ~~the~~ previous ~~period~~periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario ~~government~~Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[32] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][33]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will ~~in effect~~ be the ~~rate~~rates that ~~would~~ result in a representative consumer being charged an invoice amount that is 25%~~[2]~~[34] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**") absent Ontario's Fair Hydro Plan.

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

[31] **Note:** Some consumers below 500 kw are not Specified Consumers.
[32] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.
[33] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.
~~[2]~~[34] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government and the shifting of certain support program costs from the rate base to the tax base.

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one ~~of~~or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated its intention that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[35] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, in accordance with the FHPA, the IESO is not entitled to collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

[35] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover ~~all~~ its "Finance Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and ~~the Issuer's~~an ownership interest therein, an "**Investment Interest**"). The Investment ~~Interest consists of,~~ Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[36]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[37] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a ~~Reference Period~~period of time is an amount determined by the Financial Services Manager as follows:

[36] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be warranted here.

[37] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FHPA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the ~~Reference Period~~period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the ~~Reference Period~~period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the ~~Reference Period~~period;

(iv) payments required to be made in respect of any derivative agreements during the ~~Reference Period~~period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) ~~fees~~Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the ~~Reference Period; and~~period;

(vii) taxes paid or payable by ~~the Issuer~~or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that ~~are paid or~~ payable during the ~~Reference Period;~~period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the ~~Reference Period~~period;

(ii) for any period before May 1, 2021, amounts received during the ~~Reference Period in respect of funding rebates~~period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the ~~Reference Period~~period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the ~~Reference Period~~period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the ~~Reference Period~~period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax ~~during the Reference Period~~and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (~~a~~b) from the sum calculated under (~~b~~a).

~~The Clean Energy Adjustment will also take into account a true up comprised of~~In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment ~~plus other anticipated shortfalls (the "**True-up Amount**")~~during the preceding Reference Periods. The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption~~ and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. ~~After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly.~~ The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a ~~$/~~cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment ~~in respect of the relevant period of time~~ provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption ~~provided by the IESO~~ of Specified ~~Consumers~~Creditors in respect of ~~the period~~such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[38] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[39] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[40] If there are any

[38] **Note:** Please see note 17 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).
[39] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.
[40] **Note:** Please confirm.

amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other ~~carrying costs~~Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][41] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

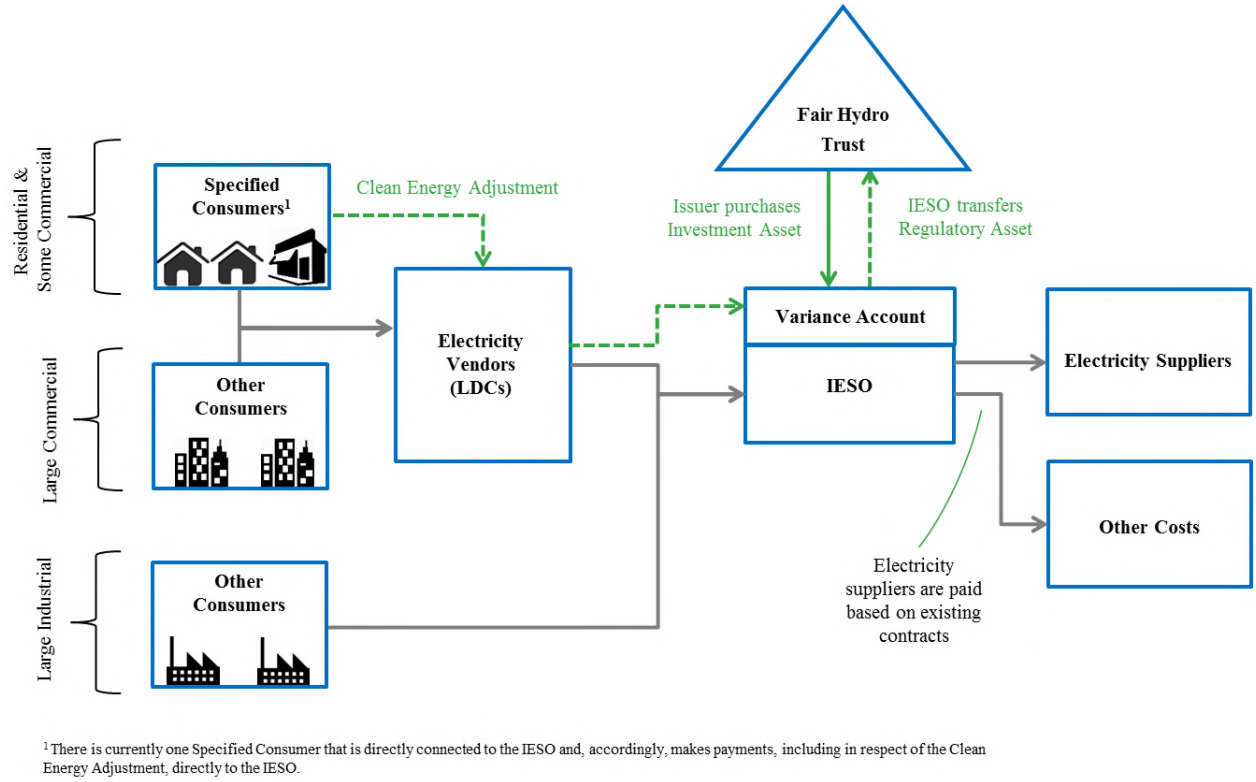

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and

[41] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[42] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of ~~any~~the first Funding ~~Obligations and the~~Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA~~, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits~~. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

~~Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024. Accordingly, the~~The Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[43] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its ~~"carrying costs". "~~Carrying Costs. Carrying ~~costs"~~Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[44] The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the

[42] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.
[43] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.
[44] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the ~~Ontario government~~Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the ~~Issuer and~~Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee~~, upon a Protection Event~~ of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General

Regulation under the FHPA (in effect as at December 21, 2017)][45], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the ~~Province of Ontario~~Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or ~~any~~an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (~~a~~i) to (~~e~~v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the

[45] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

~~The priority of payments made~~

On a Protection Event and payment by the Province of Ontario ~~under the Change of Law Protection Agreement is governed by the Master Trust Indenture. Upon paying amounts in respect of the Approved Obligations, the Province of Ontario will have a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any ~~refinancing of a Certified Primary Obligation~~Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying ~~that it~~, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition,

notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a ~~refinancing~~Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such ~~refinancing~~Refinancing.

A "**Pre-Approved Refinancing**" means a ~~refinancing~~Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document ~~to which the Limited Guarantee applies and~~ which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust ~~established under~~governed by the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

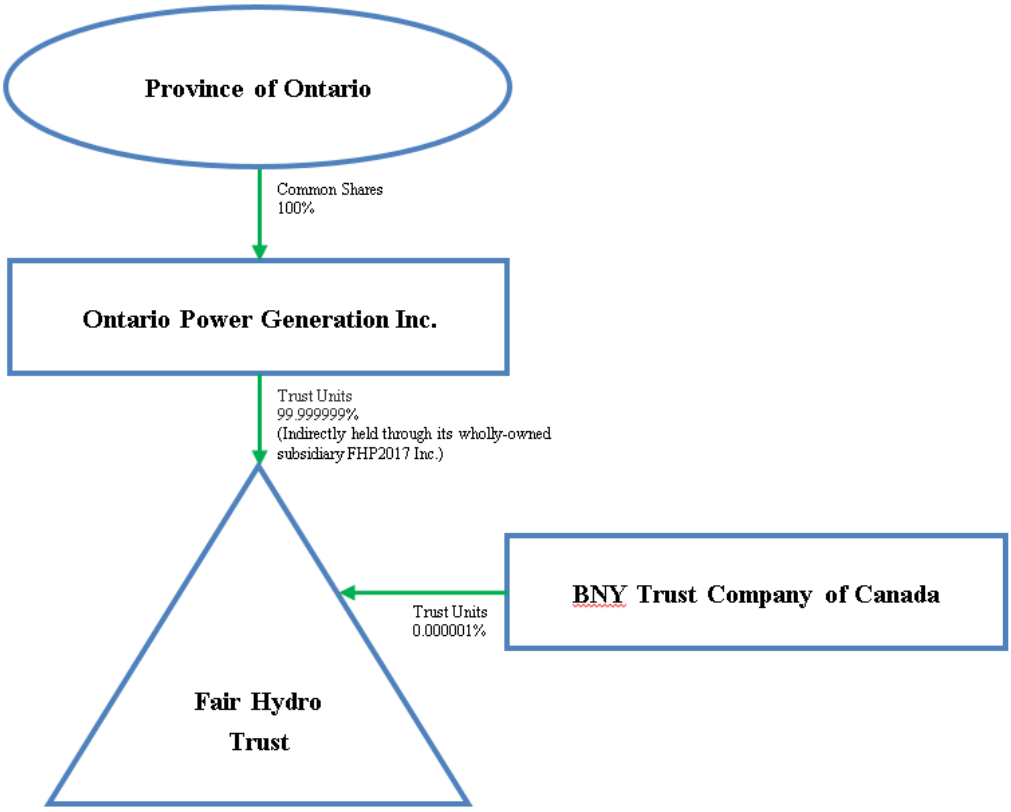

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations,[46] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

[46] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors – Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or ~~carrying costs~~Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

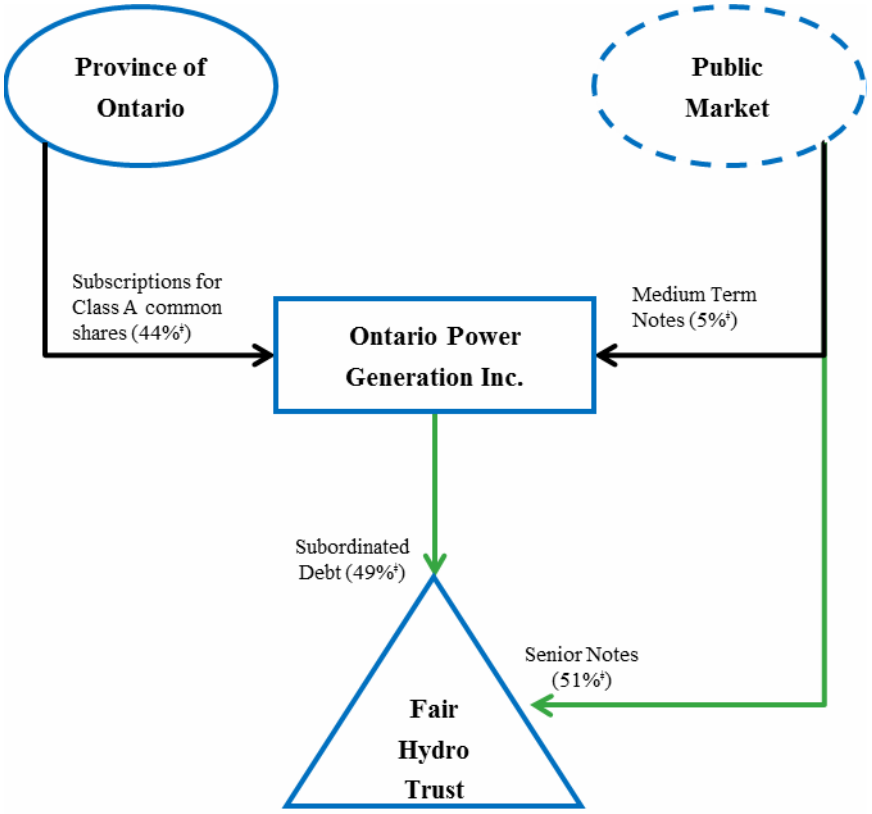

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[47] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's ~~carrying costs~~Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its ~~carrying costs~~Carrying Costs. Under the Regulations ~~"carrying costs"~~, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[48] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs.

As security for the performance of its obligation to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

[47] **Note:** Please confirm.

[48] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee

has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor

Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code~~,~~ of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the

Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or

by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[49]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has ~~an~~ been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the

[49] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the ~~Collection~~Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. ~~All~~On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario ~~pursuant to~~under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities**

Account"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will ~~not~~ be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments

owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations

have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "*— Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in ~~the~~ any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then

outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel ~~of external counsel~~,[50] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less

[50] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;
- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;
- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;
- facilitate the issuance of foreign currency Issuer Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or
- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;
- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or
- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;
- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;
- a reduction in the amount of a discount note payable upon its acceleration;
- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;
- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;
- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or
- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;
- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;
- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;
- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;
- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;
- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;
- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the

Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.[51]

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

[51] **Note:** Please consider tracking the specific terms of section 6.1 of the General Regulation, and add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and Risk Factors.

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "— *Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such

Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "~~**depository**~~**Depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the ~~depository~~Depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the ~~depository~~Depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the ~~depository~~Depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The ~~depository~~Depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the ~~depository~~Depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the ~~depository~~Depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the ~~depository~~Depository or any action to be taken by the ~~depository~~Depository or at the direction of its Participants. The rules governing the ~~depository~~Depository provide that it acts as the agent and ~~depository~~Depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the ~~depository~~Depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the ~~depository~~Depository notifies the Issuer in writing that the ~~depository~~Depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the ~~depository~~Depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant

European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer

and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit ~~were successful, it would likely be a Protection Event and the provisions of the Change of Law Protection Agreement would apply. See "Change of Law Protection Agreement". If such successful lawsuit was not, however, a Protection Event~~was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the ~~Province of Ontario~~Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or ~~revoked~~repealed. Therefore, the only way for such provisions of the FHPA to be amended or ~~revoked~~repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that ~~materially and~~ adversely ~~effects~~affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay ~~its obligations under the Senior Notes~~Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of

voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[52] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[53]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other ~~carrying costs~~Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these ~~carrying costs~~Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's ~~carrying costs~~Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[54] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other ~~carrying costs~~Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other ~~carrying costs~~Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of

[52] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

[53] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[54] **Note:** Is there any other information to be added apart from the expiry date?

courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of ~~carrying costs~~Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of ~~carrying costs~~Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other ~~carrying costs~~Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these ~~carrying costs~~Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"*. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. ~~However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.~~

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and

once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform ~~—~~= Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy

Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[55]

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean

[55] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the ~~FHPA~~Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[56] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its

[56] **Note:** Please confirm.

consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[57] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

[57] **Note:** Please confirm source/ conform to wording in FHPA.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or

reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the ~~FHPA,~~*Fair Hydro Act, 2017*,[58] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or ~~guarantee~~guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

[58] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See "*Change of Law Protection Agreement*". Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the

heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to

verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These

remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior

Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe

and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified

Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario ~~government~~ related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"~~**depository**~~**Depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible

Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[59]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[60]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.[61]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as

[59] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[60] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

[61] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment ~~Interests, including~~Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), ~~any liquidity agreement,~~ any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding

Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[62]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental ~~Indentures~~Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

[62] **Note:** Definition not used.

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in

the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under "*The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amounts**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

information: Superintendent of Securities

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on Tuesday, January 16, 2018 10:31:42 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23287504/1
Description	TOR_2528-#23287504-v1-Fair_Hydro_OM_-_Comments_of_the_Province
Document 2 ID	PowerDocs://TOR_2528/23287504/7
Description	TOR_2528-#23287504-v7-Fair_Hydro_OM_-_Comments_of_the_Province
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	521
Deletions	269
Moved from	11
Moved to	11
Style change	0
Format changed	0
Total changes	812

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ●, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Description of Notes" section of the confidential shelf offering memorandum which contains a more detailed description of certain terms of the Series 2018-1 Senior Notes and the master trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January ●, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, Series 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.
Issue:	●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●
Term:	● years[1]
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●%
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment) versus the CAN ●% due ● (priced at $● to yield ●%)

[1] Please confirm if a single principal payment date is contemplated. Does this need to be reconciled with the "legal final maturity date" concept?

Issue Yield: ●%

Issue Price: $● for each $1,000 principal amount of Series 2018-1 Senior Notes sold.

Agents Commission: **$●**

Net Proceeds: $●

Interest Payment Dates: Interest on the Series 2018-1 Senior Notes shall be payable in equal (except the initial interest payment) semi-annual instalments in arrears on April 15 and October 15 of each year, commencing April 15, 2018 (short first coupon). The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first interest payment date for the Series 2018-1 Senior Notes. The first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes.

If an interest payment date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis.

Principal Accumulation Date(s) and Principal Accumulation Amount(s):

Principal Accumulation Dates	**Principal Accumulation Amounts**
●, 20●	$●

Principal Payment Date(s) and Principal Payment Amount(s):

Principal Payment Date	**Principal Payment Amount**
●, 20●	$●

Principal Payment Default Date: ●, 20●

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means ●, 20●.

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the date of redemption, plus ●% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable

	Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the Par Call Date (calculated from the date of redemption), such yield being expressed as a per annum rate equal to the average of the per annum yields provided by two major Canadian investment dealers specified by the Issuer.
Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse" and "Risk Factors"*.
Use of Proceeds:	The net proceeds from the Series 2018-1 Senior Notes Offering will be used as follows: **[(i) to refinance $● of indebtedness of the Issuer originally incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement and (ii) to pay the Series 2018-1 Senior Notes Offering and related costs of the Issuer in an approximate amount of $●. See *"Consolidated Capitalization"*.]**
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	**[CIBC World Markets Inc., Goldman Sachs Canada Inc., RBC Dominion Securities Inc. (as co-leads and co-bookrunners)]**, ●, ●, and ●.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for:

(i) $● of ●% subordinated notes due ●, Series 2018-1; and
(ii) $● of ●% subordinated junior notes due ●, Series 2018-1.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	Nil
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	**$[1,179,000,000.00]**(1)	**$[1,179,000,000.00]**
Bank indebtedness……..	Nil	Nil
Total Debt……	**$[1,179,000,000.00]**(1)	$●
Equity		
Equity……	$10,000.01	$10,000.01

Total Capitalization……	**$[1,179,010,000.01]**[1]	$●

(1) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short-term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000 of which, or 10% of all short term debt, represented by Junior Subordinated Notes held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On October 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on

their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the

date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, the Issuer had approximately $● billion outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' fee payable by the Issuer

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

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Document comparison by Workshare Compare on Tuesday, January 16, 2018 10:37:28 AM

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Document 1 ID	PowerDocs://TOR_2024/12928826/1
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Document 2 ID	PowerDocs://TOR_2024/12928826/2
Description	TOR_2024-#12928826-v2-Form_of_Series_2018-1_Senior_Notes_Term_Sheet_(Fair_Hydro_Trust)
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Padding cell	

Statistics:	
	Count
Insertions	12
Deletions	4
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	16

From:	VINER, JON
To:	Ken Kandeepan; "Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY)
Cc:	ASHBOURNE, STEPHEN
Subject:	Fair Hydro Trust OM - Comments
Date:	Friday, January 12, 2018 10:52:32 AM
Attachments:	FHT OM Comments - Cumulative Blackline against Torys draft.pdf FHT OM Comments - Incremental Blackline.pdf 23291241-v1-Fair Hydro Trust Investor Presentation - Comments.DOCX 23287504-v6-Fair Hydro OM - Comments of the Province.DOCX

All,

Please for your reference please find attached copies of the following documents:

- Clean copy of comments on the FHT OM
- Blacklined copy of comments on the FHT OM showing changes against Torys' draft
- Blacklined copy of comments on the FHT OM showing changes against the previously circulated draft
- Comments on the Investor Presentation (with revisions indicated in red, blue or highlighted text).

Once you have had a chance to review, please let us know if you would like to discuss.

Kind regards,
Jon

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This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust ~~established under~~governed by the laws of the Province of Ontario, established by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, ~~Ontario Power Generation Inc. ("**OPG**")~~OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~ obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

[1] **Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.
[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with

liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA ..... ~~vii~~viii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO ..... ~~15~~17
ONTARIO'S FAIR HYDRO PLAN ..... ~~18~~20
CHANGE OF LAW PROTECTION AGREEMENT ..... ~~24~~27
THE ISSUER ..... ~~27~~32
THE MANAGER ..... ~~29~~34
SUBORDINATED DEBT ..... ~~32~~36
SHORT TERM INDEBTEDNESS ..... ~~33~~37
THE TRANSFEROR AND SERVICER ..... ~~34~~38
CREDIT RATINGS ..... ~~36~~40
RATING AGENCY CONDITION ..... ~~36~~41
CAPITAL MARKETS PLATFORM ..... ~~37~~41
DESCRIPTION OF NOTES ..... ~~60~~65
DEPOSITORY SERVICES ..... ~~63~~67
PLAN OF DISTRIBUTION ..... ~~64~~69
RISK FACTORS ..... ~~65~~69
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS ..... ~~77~~82
LANGUAGE OF DOCUMENTS ..... ~~81~~86
RESTRICTIONS ON RESALE ..... ~~81~~86
REPORTING REQUIREMENTS ..... ~~82~~87
STATUTORY RIGHTS OF ACTION ..... ~~82~~87
INDENTURE TRUSTEE ..... ~~93~~97
LEGAL MATTERS ..... ~~93~~97
GLOSSARY ..... ~~94~~98
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES ..... ~~106~~110
EXHIBIT 1 ~~– INVESTOR PRESENTATION~~ ..... ~~107~~ 111

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be ~~significantly~~ impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

[3] **Note:** Please complete.
[4] **Note:** Please complete.

- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete

certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement".*
Ontario~~'s~~ Fair Hydro Plan Act:	~~On March 2, 2017, the Province of Ontario announced its Fair Hydro Plan, proposing to lower the average electricity bill for certain eligible customers.~~ On June 1, 2017, the Ontario ~~government~~Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"), ~~legislation that reallocates certain electricity costs over time and provides immediate rate relief to~~. The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms). ~~From~~; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[~~1~~6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding**

[~~1~~6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

	Obligations") for the purposes of the FHPA and the Regulations.[8] The Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10] Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the ~~right~~rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the

[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager ~~and will be converted by the OEB into a $/kWh rate and added to the electricity invoices sent to~~based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment ~~is an amount~~will be determined by the Financial Services Manager for each month in a Reference Period ~~(which is generally a six month period, subject to more frequent determinations in certain circumstances)~~ and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which ~~includes all financing and other expenses of the Issuer for~~will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is ~~comprised of~~required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods ~~plus other anticipated shortfalls.~~ .

The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption ~~and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not ~~be~~been paid in full. The

Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for ~~such~~a Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other ~~carrying costs~~Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, ~~2021,~~2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its ~~carrying costs~~Carrying Costs. Under the Regulations, ~~"carrying costs"~~Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement,[14] the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■,

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

[14] **Note:** Not sure how this lines up with fee recovery.

which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment ~~after such time shall~~for a period will be determined without regard to the fact that such amount has become ~~immediately~~ due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[15]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][16], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

[15] **Note:** Add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and specifically address in Risk Factors.

[16] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed ~~in $/~~as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment ~~in respect of the relevant period of time~~ as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast ~~provided by the IESO~~ of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment ~~commencing May 1, 2021,~~ as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][17], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][18] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[19] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[20] It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[21]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days

[17] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.
[18] **Note:** Please see note 16.
[19] **Note:** Please see note 16.
[20] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.
[21] **Note:** Please confirm.

prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See *"The Manager"*.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][22], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][23] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including ~~forecasting~~providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional

[22] **Note:** Please see note 16 regarding bracketed references to the "Issuer" in this paragraph..

[23] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][24] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the ~~Issuer and the~~ Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" ~~under~~when due and payable into the ~~Change of Law~~ Protection ~~Agreement and which~~Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of ~~the~~ Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years ~~and which~~that are not terminable by the Issuer on less than three years' notice ~~and on payment~~under which the Manager, acting reasonably, expects aggregate payments by the Issuer ~~of~~during the term of the contract in an amount ~~equal to or less than~~in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA~~, in whole~~ or ~~in part~~any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not

[24] **Note:** Please confirm.

replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA~~, in whole~~ or ~~in part~~any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the ~~Province of Ontario~~Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or ~~any~~an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (~~a~~i) to (~~e~~v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture

Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts ~~in respect of Approved Obligations, including the Senior Notes, the~~when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have ~~a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master

Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant ~~or representation of OPG~~, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions ~~having~~have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall ~~cease to~~not apply ~~only~~ in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer~~, in each case following delivery of a Suspension Notice~~.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension ~~if~~that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[25] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[26]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities ~~and having~~for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits].[27] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][28] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal

[25] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.
[26] **Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.
[27] **Note:** The description should more closely align with the stated purposes of the FHPA in Section 3 of the Act.
[28] **Note:** MOE to confirm whether including this sort of prediction is appropriate.

	Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes. The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.
Subordinated Debt:	Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes. Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.

Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of ~~carrying costs~~Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay ~~carrying costs~~Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering. See "*Capital Markets Platform — Security*".
Priority of Payments:	Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following

order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;

- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103).

By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.

Book-Entry Form: The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository,

	registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit

of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers,

acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:[29]

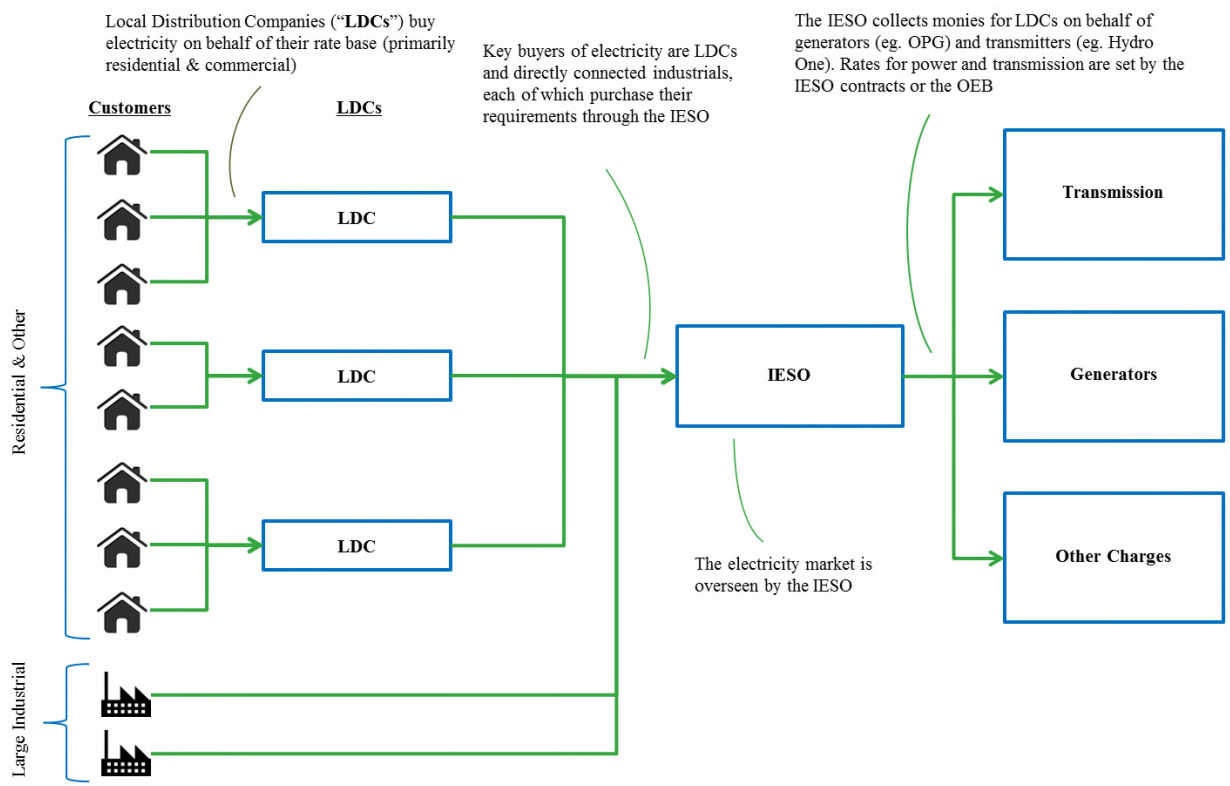

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two ~~main~~ components that make up the commodity cost of electricity in Ontario, the ~~hourly~~Hourly Ontario ~~energy price~~Energy Price ("**HOEP**") and the ~~global adjustment~~Global Adjustment charge.

[29] **Note:** Proposed revisions to the text in the chart: (i) "The electricity market is ~~overseen~~ administered by the IESO"; (ii) "~~Rates for power and transmission are set by the IESO contracts or the OEB~~ Prices paid to generators are determined by IESO contracts or approved by the OEB. Transmission rates are approved by the OEB."

- The HOEP is set by the IESO ~~on an hourly basis~~ based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is ~~also~~ paid by ~~loads~~all consumers. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For ~~all loads with a peak demand under 500 kW (in other words,~~ all Specified Consumers~~),~~[30] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities in this regard, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered commodity prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in ~~the~~ previous ~~period~~periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario ~~government~~Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[31] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][32]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will ~~in effect~~ be the ~~rate~~rates that ~~would~~ result in a representative consumer being charged an invoice amount that is 25%~~2~~[33] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**") absent Ontario's Fair Hydro Plan.

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

[30] **Note:** Some consumers below 500 kw are not Specified Consumers.
[31] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.
[32] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.
~~2~~[33] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government and the shifting of certain support program costs from the rate base to the tax base.

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one ~~of~~or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated its intention that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[34] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, in accordance with the FHPA, the IESO is not entitled to collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

[34] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover ~~all~~ its "Finance Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and ~~the Issuer's~~an ownership interest therein, an "**Investment Interest**"). The Investment ~~Interest consists of,~~ Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[35]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[36] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a ~~Reference Period~~period of time is an amount determined by the Financial Services Manager as follows:

[35] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be warranted here.

[36] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FHPA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the ~~Reference Period~~period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the ~~Reference Period~~period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the ~~Reference Period~~period;

(iv) payments required to be made in respect of any derivative agreements during the ~~Reference Period~~period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) ~~fees~~Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the ~~Reference Period; and~~period;

(vii) taxes paid or payable by ~~the Issuer~~or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that ~~are paid or~~ payable during the ~~Reference Period;~~period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the ~~Reference Period~~period;

(ii) for any period before May 1, 2021, amounts received during the ~~Reference Period in respect of funding rebates~~period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the ~~Reference Period~~period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the ~~Reference Period~~period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the ~~Reference Period~~period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax ~~during the Reference Period~~and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (~~a~~b) from the sum calculated under (~~b~~a).

~~The Clean Energy Adjustment will also take into account a true up comprised of~~In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment ~~plus other anticipated shortfalls (the "**True-up Amount**")~~during the preceding Reference Periods. The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption ~~and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. ~~After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly.~~ The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a ~~$/~~cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment ~~in respect of the relevant period of time~~ provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption ~~provided by the IESO~~ of Specified ~~Consumers~~Creditors in respect of ~~the period~~such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[37] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[38] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[39] If there are any

[37] **Note:** Please see note 16 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).
[38] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.
[39] **Note:** Please confirm.

amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other ~~carrying costs~~Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][40] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

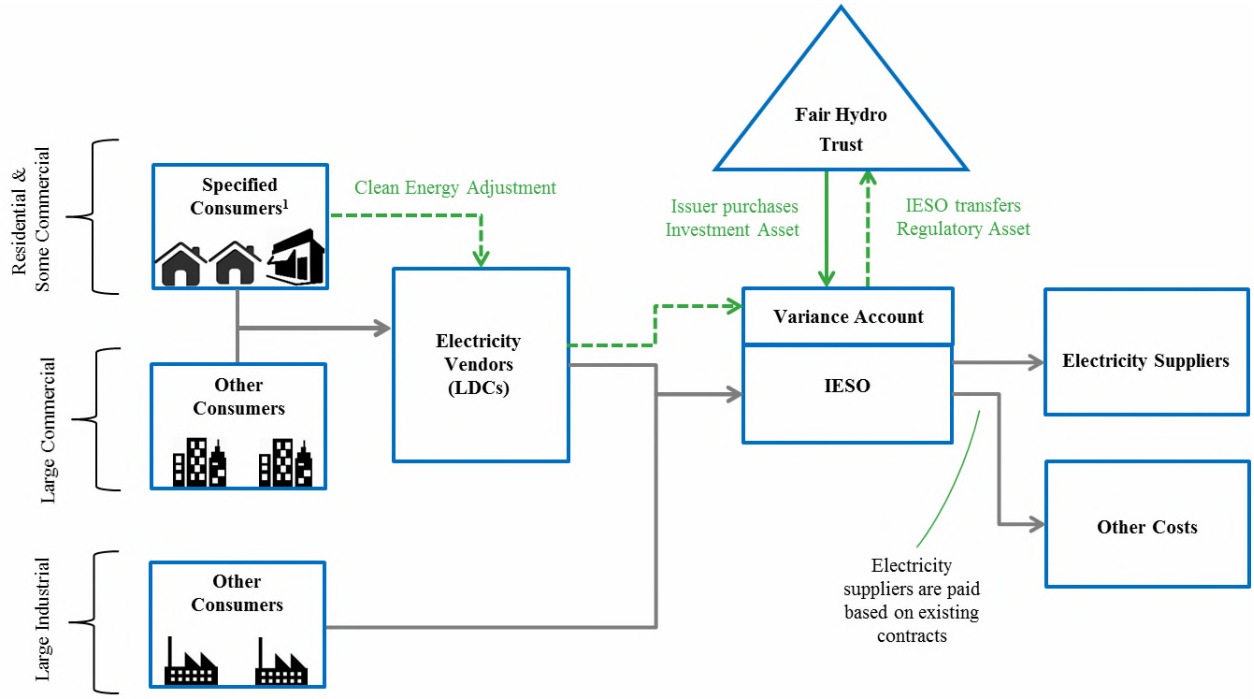

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and

[40] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[41] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of ~~any~~the first Funding ~~Obligations and the~~Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their fair share of the costs of providing Clean Energy Benefits][42]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][43] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[44] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its ~~"carrying costs". "~~Carrying Costs. Carrying ~~costs"~~Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt

[41] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.
[42] **Note:** Any description of the purpose of the FHPA should conform with the stated purposes of the Act set out in Section 3.
[43] **Note:** MOE to confirm.
[44] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.

obligations of the Issuer (including repayment of principal on the Senior Notes).[45] The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See "*The Transferor and Servicer*". The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See "*The Transferor and Servicer*".

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the ~~Ontario government~~Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the ~~Issuer and~~Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee~~, upon a Protection Event~~ of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture,

[45] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General Regulation under the FHPA (in effect as at December 21, 2017)][46], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the ~~Province of Ontario~~Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or ~~any~~an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement

[46] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (~~a~~i) to (~~e~~v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

~~The priority of payments made~~

On a Protection Event and payment by the Province of Ontario ~~under the Change of Law Protection Agreement is governed by the Master Trust Indenture. Upon paying amounts in respect of the Approved Obligations, the Province of Ontario will have a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any ~~refinancing of a Certified Primary Obligation~~Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying ~~that it~~, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition,

notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a ~~refinancing~~Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such ~~refinancing~~Refinancing.

A "**Pre-Approved Refinancing**" means a ~~refinancing~~Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document ~~to which the Limited Guarantee applies and~~ which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust ~~established under~~governed by the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

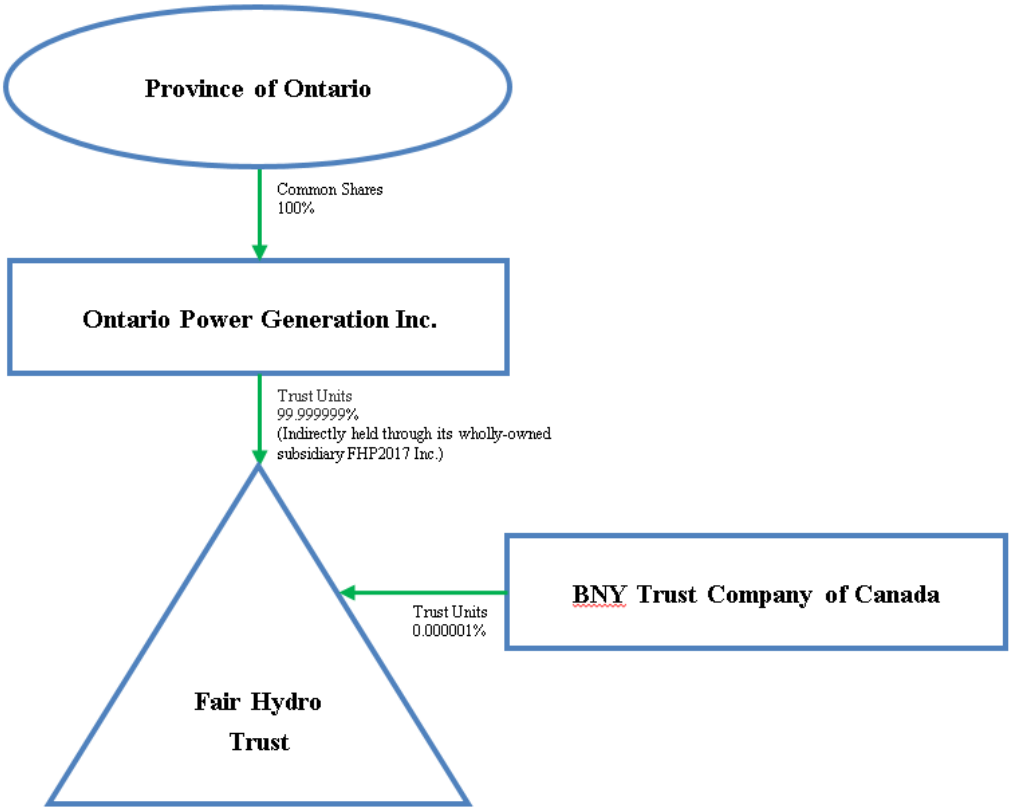

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations,[47] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

[47] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors – Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or ~~carrying costs~~Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

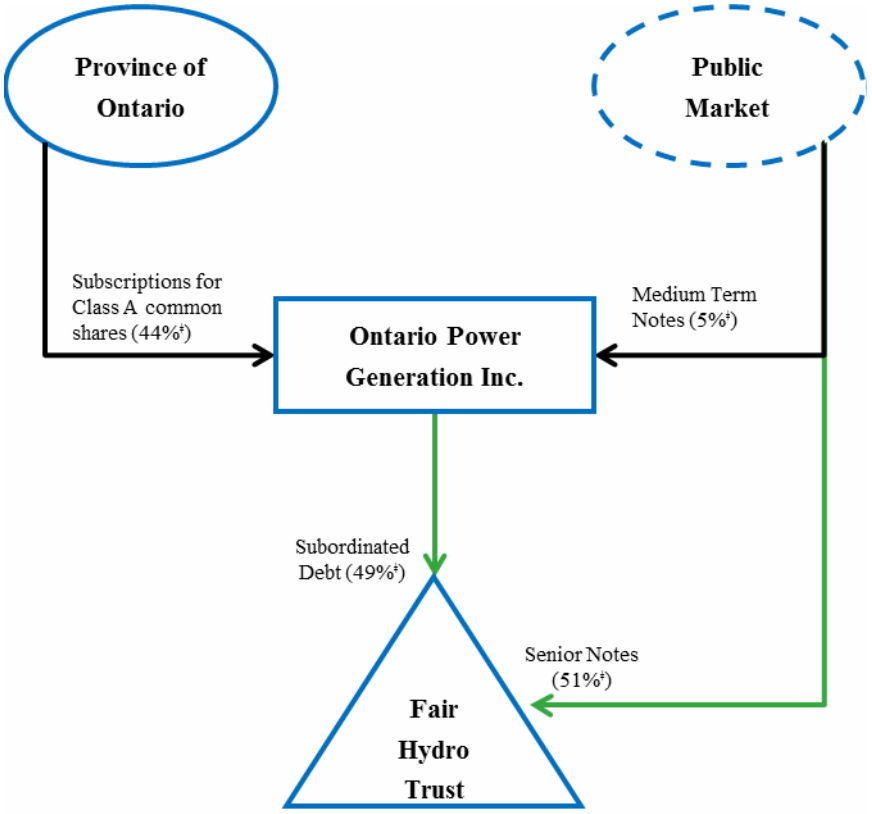

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[48] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's ~~carrying costs~~Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its ~~carrying costs~~Carrying Costs. Under the Regulations ~~"carrying costs"~~, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[49] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs.

As security for the performance of its obligation to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

[48] **Note:** Please confirm.

[49] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee

has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor

Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code~~,~~ of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the

Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or

by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[50]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has ~~an~~ been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the

[50] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the ~~Collection~~Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. ~~All~~On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario ~~pursuant to~~under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities**

Account"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will ~~not~~ be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments

owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations

have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "*— Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in ~~the~~ any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then

outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel ~~of external counsel~~,[51] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less

[51] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;
- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;
- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;
- facilitate the issuance of foreign currency Issuer Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or
- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;
- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or
- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;
- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;
- a reduction in the amount of a discount note payable upon its acceleration;
- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;
- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;
- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or
- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;
- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;
- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;
- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;
- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;
- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;
- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the

Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.[52]

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

[52] **Note:** Please consider tracking the specific terms of section 6.1 of the General Regulation, and add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and Risk Factors.

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "— *Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such

Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement".*

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its

depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their

own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit ~~were successful, it would likely be a Protection Event and the provisions of the Change of Law Protection Agreement would apply. See "Change of Law Protection Agreement". If such successful lawsuit was not, however, a Protection Event~~was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the ~~Province of Ontario~~Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or ~~revoked~~repealed. Therefore, the only way for such provisions of the FHPA to be amended or ~~revoked~~repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that ~~materially and~~ adversely ~~effects~~affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay ~~its obligations under the Senior Notes~~Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose

some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[53] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[54]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other ~~carrying costs~~Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these ~~carrying costs~~Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's ~~carrying costs~~Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[55] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other ~~carrying costs~~Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other ~~carrying costs~~Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of

[53] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

[54] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[55] **Note:** Is there any other information to be added apart from the expiry date?

~~carrying costs~~Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of ~~carrying costs~~Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other ~~carrying costs~~Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these ~~carrying costs~~Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"*. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. ~~However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.~~

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described

in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the

repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform ~~—~~ Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy

Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[56]

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean

[56] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the ~~FHPA~~Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[57] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its

[57] **Note:** Please confirm.

consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[58] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

[58] **Note:** Please confirm source/ conform to wording in FHPA.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or

reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the ~~FHPA,~~*Fair Hydro Act, 2017*,[59] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or ~~guarantee~~guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

[59] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the

heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to

verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These

remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior

Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe

and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified

Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario ~~government~~ related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible

Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[60]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[61]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.[62]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as

[60] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[61] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

[62] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment ~~Interests, including~~Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding

Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[63]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental ~~Indentures~~Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

[63] **Note:** Definition not used.

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in

the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under "*The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amounts**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event".*

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

information: Superintendent of Securities

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on Friday, January 12, 2018 10:45:15 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23287504/1
Description	TOR_2528-#23287504-v1-Fair_Hydro_OM_-_Comments_of_the_Province
Document 2 ID	PowerDocs://TOR_2528/23287504/6
Description	TOR_2528-#23287504-v6-Fair_Hydro_OM_-_Comments_of_the_Province
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	510
Deletions	246
Moved from	11
Moved to	11
Style change	0
Format changed	0
Total changes	778

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust ~~established under~~governed by the laws of the Province of Ontario, established by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

[1] **Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.
[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with

liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA viii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 17
ONTARIO'S FAIR HYDRO PLAN 20
CHANGE OF LAW PROTECTION AGREEMENT 27
THE ISSUER 32
THE MANAGER 34
SUBORDINATED DEBT 36
SHORT TERM INDEBTEDNESS 37
THE TRANSFEROR AND SERVICER 38
CREDIT RATINGS 40
RATING AGENCY CONDITION 41
CAPITAL MARKETS PLATFORM 41
DESCRIPTION OF NOTES 65
DEPOSITORY SERVICES 67
PLAN OF DISTRIBUTION 69
RISK FACTORS 69
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 82
LANGUAGE OF DOCUMENTS 86
RESTRICTIONS ON RESALE 86
REPORTING REQUIREMENTS 87
STATUTORY RIGHTS OF ACTION 87
INDENTURE TRUSTEE 97
LEGAL MATTERS 97
GLOSSARY 98
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 110
EXHIBIT 1 111

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

[3] **Note:** Please complete.
[4] **Note:** Please complete.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement".*
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations.[8] The

[6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

	Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10] Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and*

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

Servicer".

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods.

The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the

Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, 2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement,[14] the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

[14] **Note:** Not sure how this lines up with fee recovery.

with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[15]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][16], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See *"Electricity Industry in Ontario"* and the Investor Presentation attached as Exhibit 1 to this

[15] **Note:** Add detailed ~~description~~descriptions to correspond to ~~this summary~~the limitation on cashflows during acceleration in the applicable detailed ~~portion~~portions of the OM and specifically address in Risk Factors.

[16] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][17], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][18] until remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[19] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[20] It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[21]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See *"The*

[17] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.
[18] **Note:** Please see note 16.
[19] **Note:** Please see note 16.
[20] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.
[21] **Note:** Please confirm.

Manager".

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][22], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][23] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][24] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which, provided that the Notes are Approved Obligations, includes

[22] **Note:** Please see note 16 regarding bracketed references to the "Issuer" in this paragraph..

[23] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

[24] **Note:** Please confirm.

payments of amounts that are due and payable in respect of Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to

receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection

Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any

Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[25] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[26]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and

[25] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.

[26] **Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.

payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits].[27] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][28] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than

[27] **Note:** The description should more closely align with the stated purposes of the FHPA in Section 3 of the Act.
[28] **Note:** MOE to confirm whether including this sort of prediction is appropriate.

	35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating

Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;

- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The

	minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.
Optional Redemption:	Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.
Purchase for Cancellation:	The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.
Distribution Method:	The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.

Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit

of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers,

acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:[29]

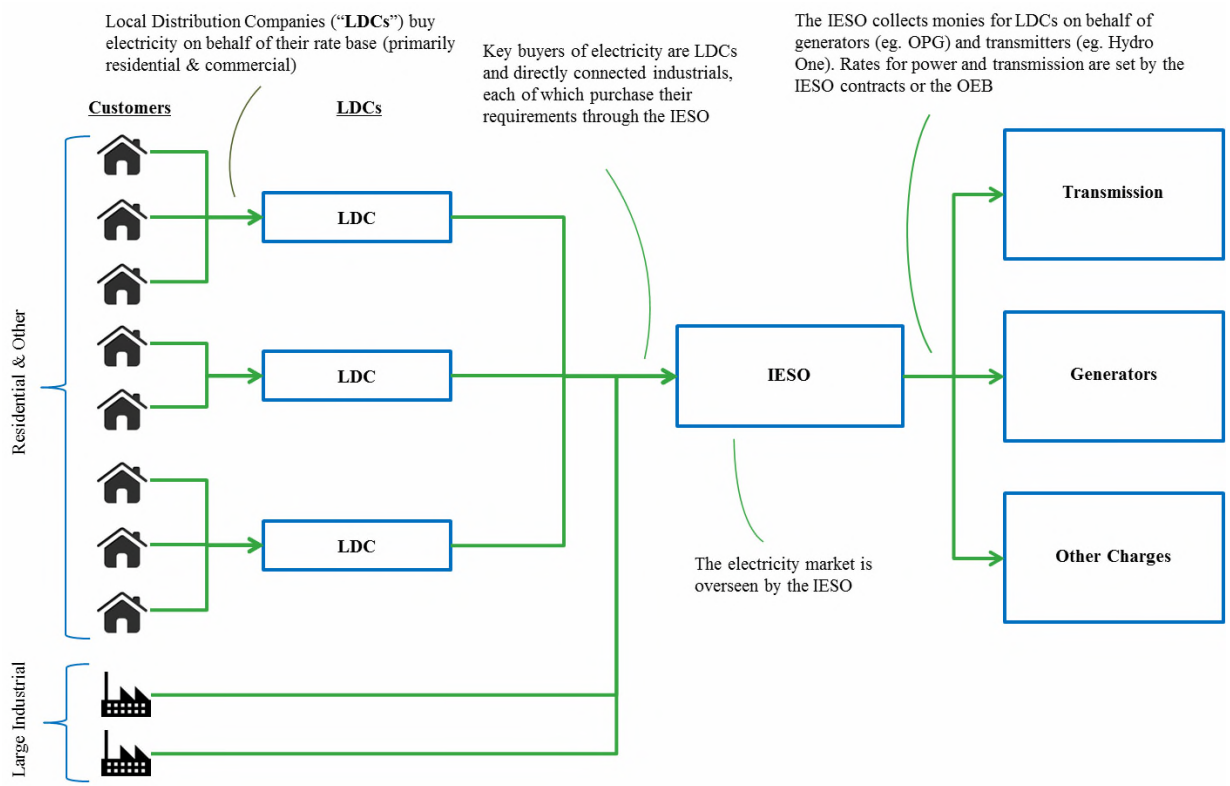

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the Global Adjustment charge.

[29] **Note:** Proposed revisions to the text in the chart: (i) "The electricity market is ~~overseen~~ administered by the IESO"; (ii) "~~Rates for power and transmission are set by the IESO contracts or the OEB~~ Prices paid to generators are determined by IESO contracts or approved by the OEB. Transmission rates are approved by the OEB."

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is paid by all consumers. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all Specified Consumers[30] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities in this regard, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered commodity prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[31] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][32]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will be the rates that result in a representative consumer being charged an invoice amount that is 25%[33] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**") absent Ontario's Fair Hydro Plan.

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

[30] **Note:** Some consumers below 500 kw are not Specified Consumers.
[31] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.
[32] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.
[33] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government and the shifting of certain support program costs from the rate base to the tax base.

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated its intention that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[34] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, in accordance with the FHPA, the IESO is not entitled to collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

[34] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover its "Finance Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[35]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[36] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

[35] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional expl anation/ disclosure may be warranted here.

[36] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FH PA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) for any period before May 1, 2021, amounts received during the period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during the preceding Reference Periods. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Creditors in respect of such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[37] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[38] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[39] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy

[37] **Note:** Please see note 16 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).
[38] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.
[39] **Note:** Please confirm.

Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][40] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

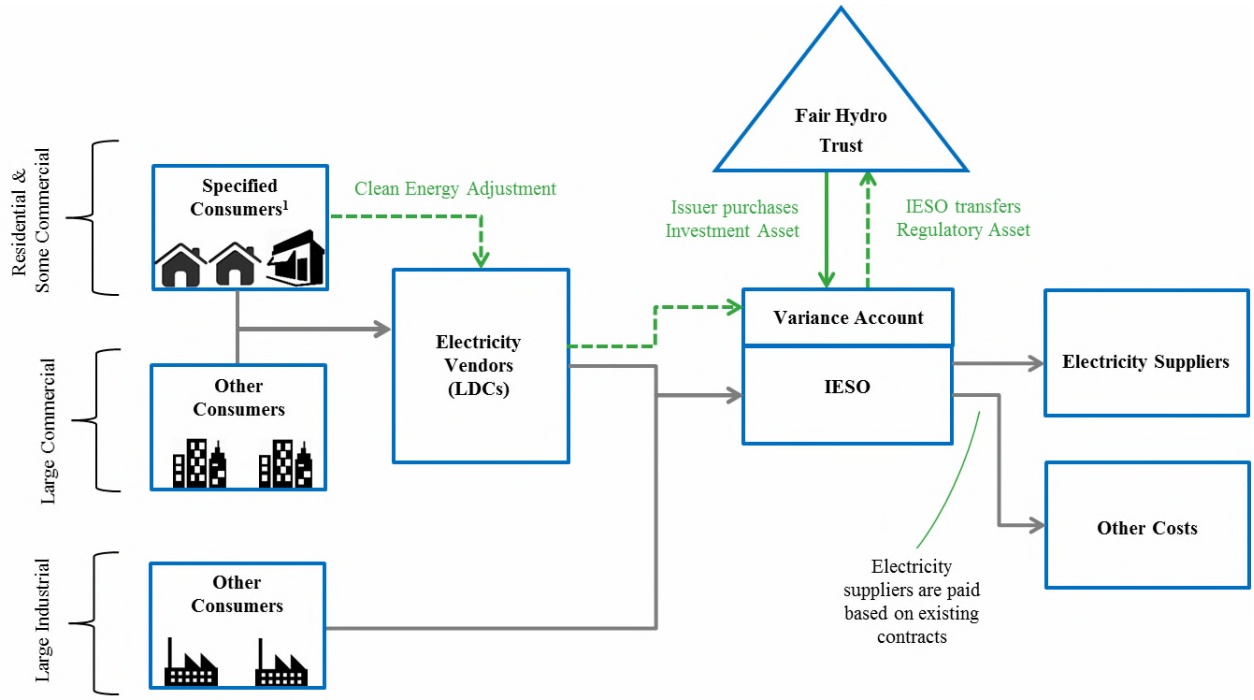

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[41] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

[40] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

[41] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their fair share of the costs of providing Clean Energy Benefits][42]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][43] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[44] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[45] The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs.

[42] **Note:** Any description of the purpose of the FHPA should conform with the stated purposes of the Act set out in Section 3.
[43] **Note:** MOE to confirm.
[44] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.
[45] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General Regulation under the FHPA (in effect as at December 21, 2017)][46], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

[46] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to

which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of

the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding

Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust ~~established under~~governed by the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

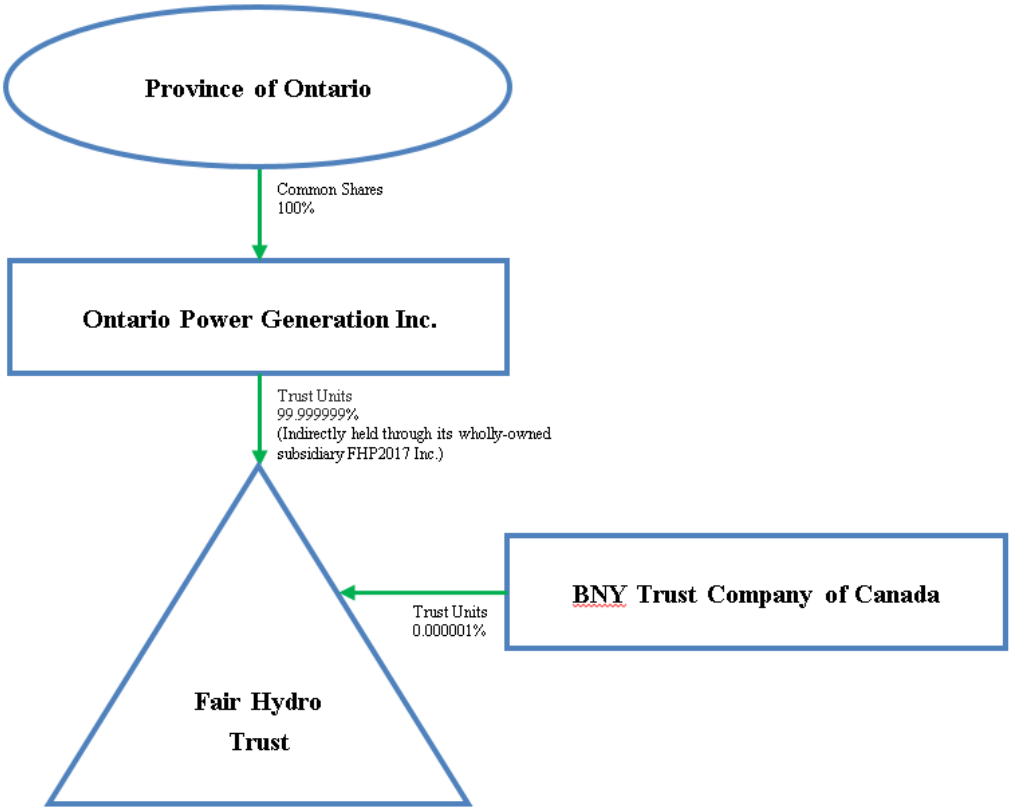

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations,[47] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

[47] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors – Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

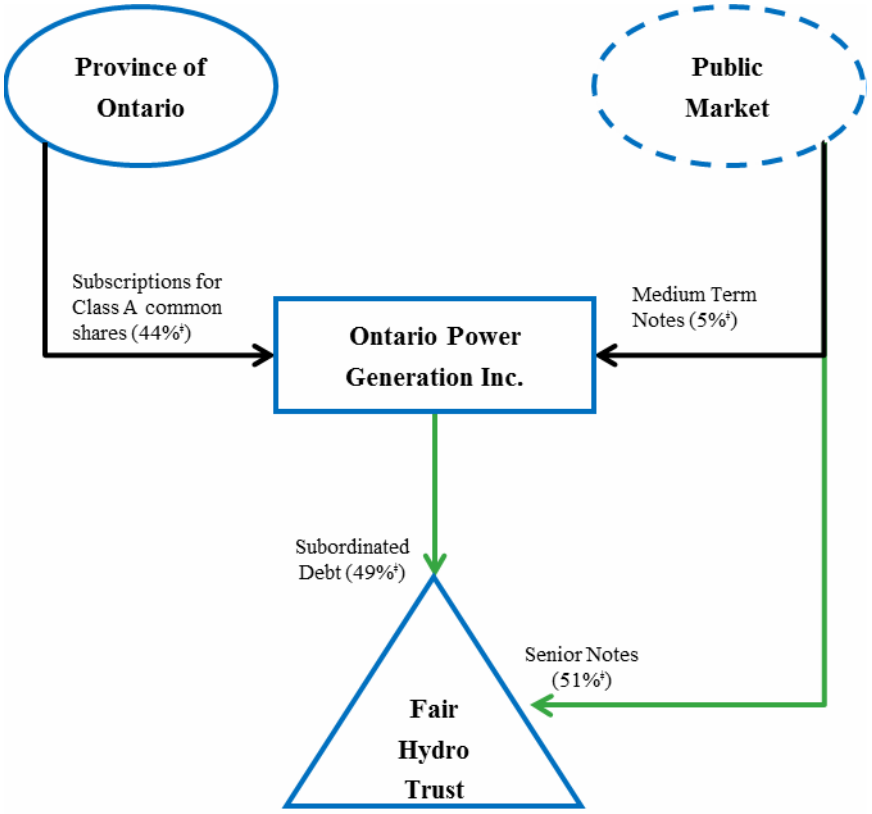

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[48] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[49] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs.

As security for the performance of its obligation to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

[48] **Note:** Please confirm.

[49] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee

has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor

Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the

Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or

by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[50]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the

[50] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified

Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments

owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations

have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "*— Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then

outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel,[51] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less

[51] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;
- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;
- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;
- facilitate the issuance of foreign currency Issuer Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or
- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;
- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or
- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;
- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;
- a reduction in the amount of a discount note payable upon its acceleration;
- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;
- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;
- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or
- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;
- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;
- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;
- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;
- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;
- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;
- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the

Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.[52]

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

[52] **Note:** Please consider tracking the specific terms of section 6.1 of the General Regulation, and add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and Risk Factors.

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "— *Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such

Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its

depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their

own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[~~52~~53] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[~~53~~54]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[~~54~~55] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority

[~~52~~53] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

[~~53~~54] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[~~54~~55] **Note:** Is there any other information to be added apart from the expiry date?

security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"*. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not

sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform ~~—~~ Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[~~55~~56]

[~~55~~56] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to

the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[~~56~~57] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

[~~56~~57] **Note:** Please confirm.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[~~57~~58] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power

[~~57~~58] **Note:** Please confirm source/ conform to wording in FHPA.

lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan

of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary);

and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017*,[~~58~~59] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

[~~58~~59] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the

heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to

verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These

remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior

Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe

and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified

Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible

Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[~~59~~60]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[~~60~~61]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the

[59] ~~**Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.~~

[60] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[60] ~~**Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.~~

[61] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

FHPA to perform the duties assigned to it thereunder.[~~61~~62]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

[~~61~~] ~~**Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.~~
[62] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust governed ~~under~~by the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity

agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[~~62~~63]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees,

[~~62~~] ~~**Note:** Definition not used.~~
[63] **Note:** Definition not used.

whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under "*The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amounts**" has the meaning set out under "*Change of Law Protection Agreement — Protection Event*".

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

information: Superintendent of Securities

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on Friday, January 12, 2018 10:44:19 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23287504/5
Description	TOR_2528-#23287504-v5-Fair_Hydro_OM_-_Comments_of_the_Province
Document 2 ID	PowerDocs://TOR_2528/23287504/6
Description	TOR_2528-#23287504-v6-Fair_Hydro_OM_-_Comments_of_the_Province
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	57
Deletions	46
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	103

Fair Hydro Trust
Investor Presentation

January [xx], 2018

23291241.1

Disclaimers

This presentation and its contents are being supplied for informational purposes only by Fair Hydro Trust (the Issuer) and are not an offer to buy or sell or a solicitation of an offer to buy or sell any securities of the Issuer.

This presentation does not, and does not purport to, contain all information that may be material to an investment decision in respect of the Issuer's Notes. It is only a summary of certain information in respect of the Issuer. Prior to making an investment decision with respect to the Issuer's Notes, prospective investors should carefully review the Confidential Shelf Offering Memorandum, including the related Term Sheet, pursuant to which such Notes are offered (the Offering Memorandum). The information and opinions contained in this presentation are qualified in their entirety by reference to the Offering Memorandum. **[Consider indicating that the presentation is incorporated by reference into and forms part of the OM]** In particular, reference should be made to the risks of any investment in the Issuer's Notes offered and the statutory rights of rescission or rights to damages available to purchasers of such Notes described in the Offering Memorandum. No representation or warranty, express or implied, is given by or on behalf of the Issuer, the Agents or any other person as to the accuracy or completeness of the information or opinions contained in this presentation.

Some of the statements contained in this presentation, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. The forward-looking information contained in this presentation is presented for the purposes of assisting prospective purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances. Reference should be made to the information under the headings "Caution Regarding Forward-Looking Information" and "Risk Factors" in the Offering Memorandum.

The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, neither the Issuer nor Ontario Power Generation (OPG) intends, or assumes any obligation, to revise or update any information in this presentation.

By attending this presentation, or accepting a copy of this presentation, each prospective purchaser agrees that all information contained herein, all documents delivered in connection herewith and all other information obtained by such prospective purchaser in relation to the Issuer or OPG (collectively, the Confidential Information) is confidential, that none of the Confidential Information will be copied, transcribed, recorded or transmitted by the recipient for any reason or used for any purpose other than evaluating an investment in the Issuer's Notes, and that the recipient will hold all of the Confidential Information in confidence and will not provide any of it to third parties other than persons retained to advise the recipient with respect to the purchase of the Issuer's Notes (so long as they advise such persons of the confidential nature of such Confidential Information), without the prior written consent of the Issuer and OPG.

Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer & Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan

- ~~The Province of Ontario announced its Fair Hydro Plan (FHP) on March 2, 2017, which proposed to lower the average electricity bill for eligible customers1 (referred to as Specified Consumers) by 25% (the Fair Adjustment)~~
- ~~The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax granted by the Ontario government in January 2017~~
- ~~It is expected that the rate reduction will be in effect until April 30, 2021, with any rate increases until that date limited to the rate of inflation in Ontario~~
- **[Rather introduce by focusing on the enacted legislation. Earlier plan and announcement were superceded by the more detailed context of the legislation.]**

Legislation

- On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (~~together, with the regulations promulgated thereunder,~~ the "FHPA" or "Act"). **[Track the purpose language in s. 3 OFHPA. Rate reduction is incidental and need not be emphasized.]**
- The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and (together, with the Regulations, the "[Legislation]").
- The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers and referred to as the Clean Energy Adjustment (CEA). The CEA for a period ~~that~~ will be determined in accordance with the Legislation by Ontario Power Generation (OPG) in its role as Financial Services Manager under the Act.
- The CEA will be determined for each month during successive six month reference periods and will be ~~period and~~ converted by the Ontario Energy Board (OEB) into a cent per ~~$/~~kWh rate and added to electricity invoices sent to Specified Consumers ~~commencing on May 1, 2021~~.
- From [July 1, 2017] to April 30, 2021 (the "Moratorium Period"), no payments in respect of the CEA are expected to be collected. During the Moratorium Period and until July 31, 2021, ~~CEA will be collected; during this period~~ the Independent Electricity System Operator (IESO) is obligated to pay all funding and [other expenses] of the [Trust][Financing Entities] (excluding principal) (referred to as "Carrying Costs")

Fair Hydro Trust

- The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") **[Consider other financing entities?]**through the issuance of senior, subordinated and junior subordinated notes.
- Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis is ring fenced from OPG's other creditors
- The FHT term notes will be repaid through the CEA payments received from Specified Consumers or from the proceeds of one or more refinancings.

1 Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt

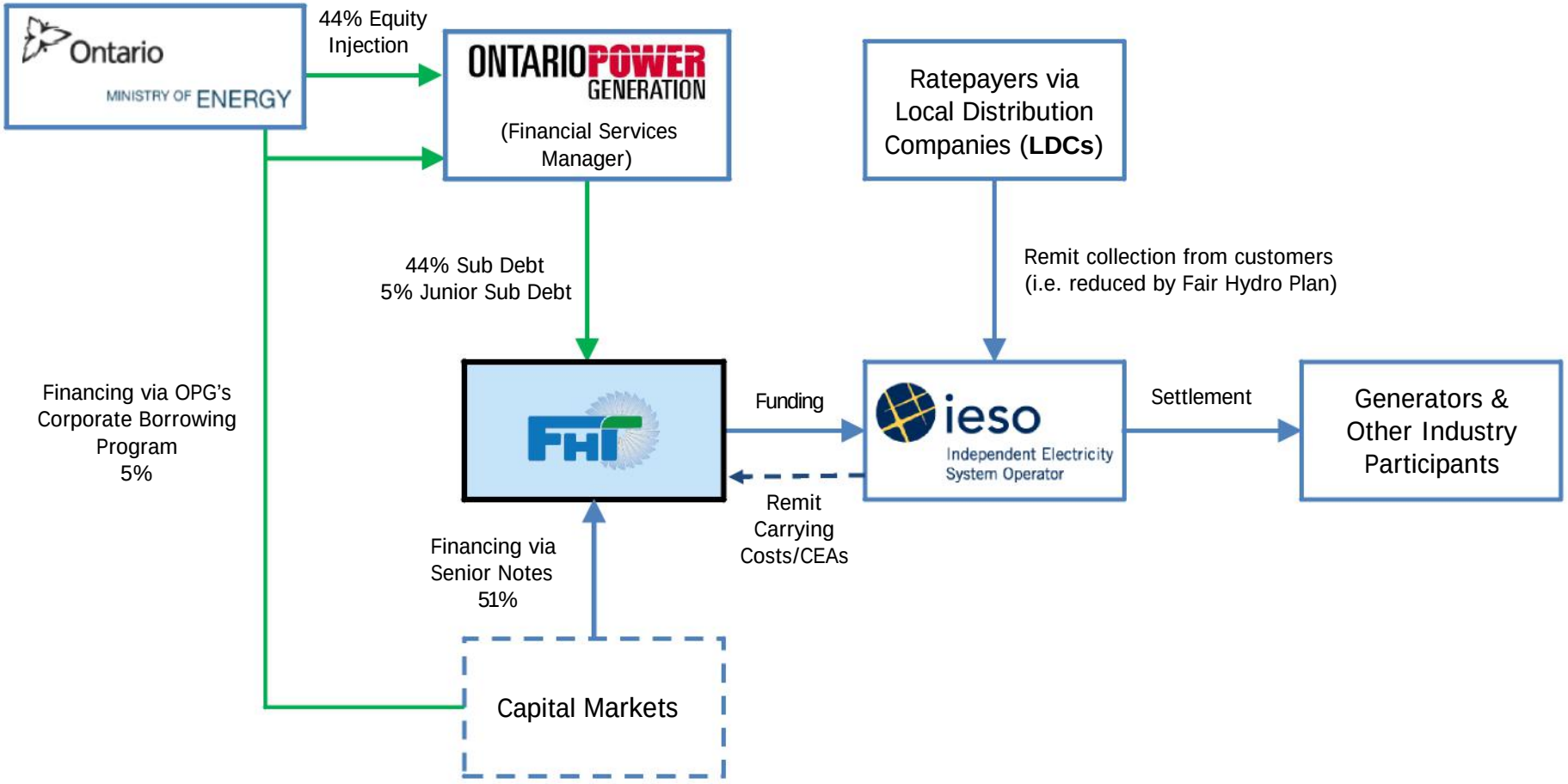

Note: The diagram above is based on subordinated debt of 49% of all outstanding debt; under the Master Trust Indenture, the Trust covenants to maintain the level of subordinated debt plus junior subordinated debt at not less than [35% of all outstanding debt] **[Elaborate]**

Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa. **[Needed?]**

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

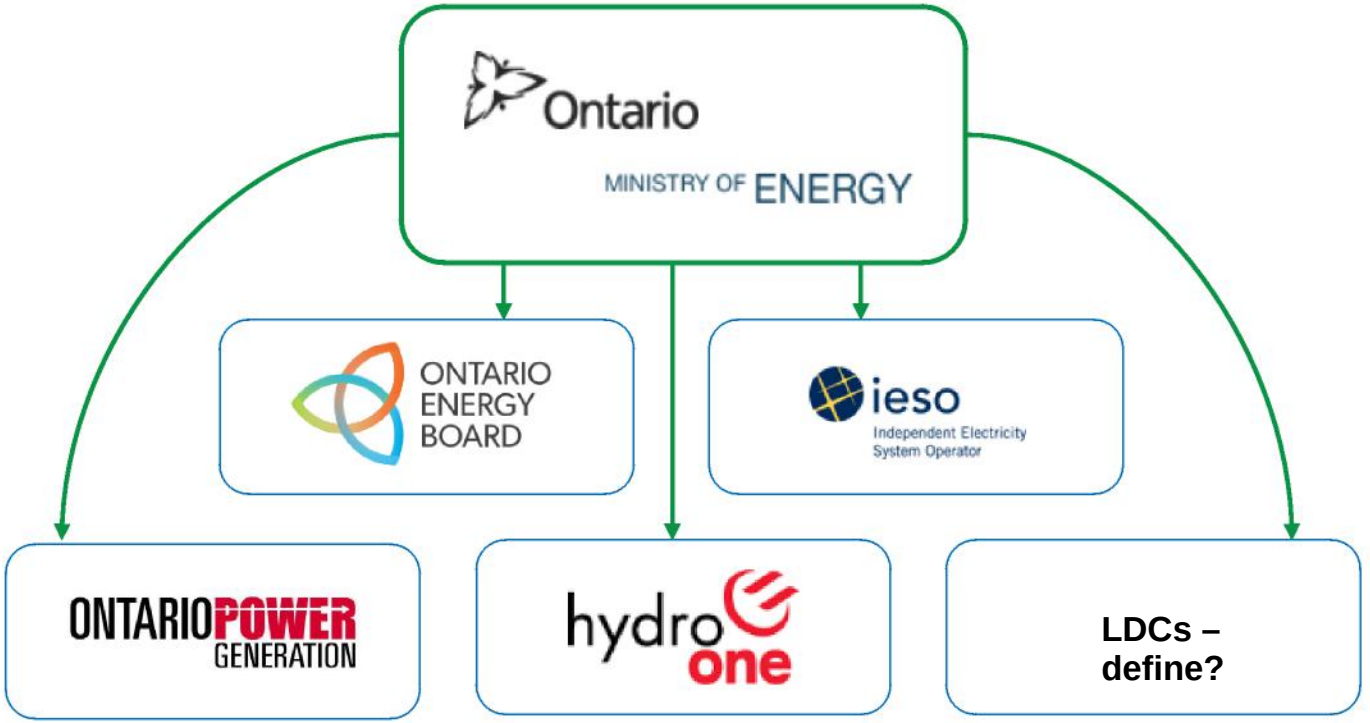

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix to the technical report, entitled "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets the policy for the electricity system
Ontario Energy Board	**--**	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan (RPP); RPP rates are set twice a year (May and November)
IESO Independent Electricity System Operator	**A(h) / -- / Aa2**	• Not-for-profit corporation established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing approximately half of the province's electricity
hydro one	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities **[Relevance? Not named in OM.]**

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations, including LDCs. The majority of LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	$13,680

1 Source: OEB 2016 Yearbook of Electricity Distributors **[UPDATE?]**
2 Small Commercial includes General Service <50kW Customers
3 Most recent rating reports from S&P, DBRS and Moody's
4 Residential and Small Commercial customers **[COMPARE TO SPECIFIED CONSUMERS?]**

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that [results from the Fair Adjustment] **[Please consider more precisions. See the statutory definition of "IESO deferral".]** and records this amount, together with financing costs, in a variance account
- FHT will [acquire the Investment Interest to be financed by…] ~~finance the~~ ~~shortfall and is entitled to recover~~ The acquired Investment Interest entitles FHT to be paid an amount determined by reference to its costs and the principal and interest on its debt, through CEAs from Specified Consumers

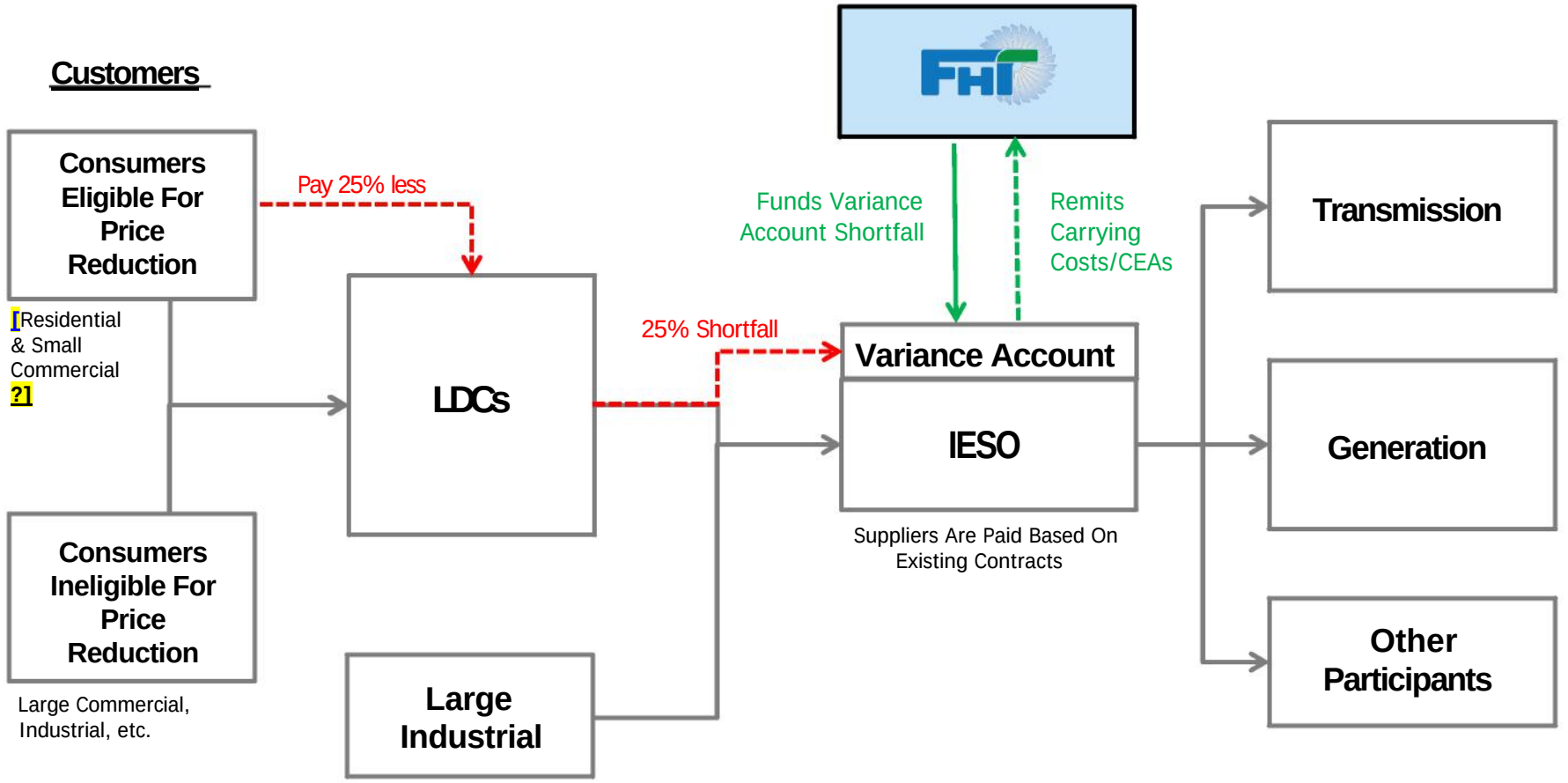

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017** – **April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018** – **April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019** – **April 30, 2021** - rate reductions **[**will be established by future regulation**]** **[Not determined]** but anticipated to increase by the rate of inflation in Ontario **[Not confirmed]**

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines [the shortfall that results from the Fair Adjustment] **[Replace with concept of IESO deferral]** and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the "Regulatory Asset") • The IESO may transfer a specified portion of the Regulatory Asset to **[**the Trust**]** for a cash purchase price equal to the corresponding amount recorded in the variance account
Investment Asset and Investment Interests	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an "Investment Interest") • By acquiring an Investment Interest, **[**the Trust**]** will be entitled to recover all of its associated financing costs and acquires the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers in accordance with the Legislation
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are **[**not permitted to be collected from Specified Consumers during this period**]** **[Conform to Legislation]** • The IESO is obligated to pay [the Trust all Carrying Costs**]**, excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in all of its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion general credit facility from the Ontario Financing Authority (OFA) which can be used to pay the Carrying Costs **[Suggestive that OFA line will necessarily be available to cover varying costs?]**

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the [cost of financing the shortfall from the Fair Adjustment] **[consider precision/alignment with Legislation]** and the associated costs of the financing, including payment of principal, operating costs of the Trust and funding of
- CEAs shown on an invoice issued to Specified Consumers represents the amount of the consumers' indebtedness and may not be set off or bypassed

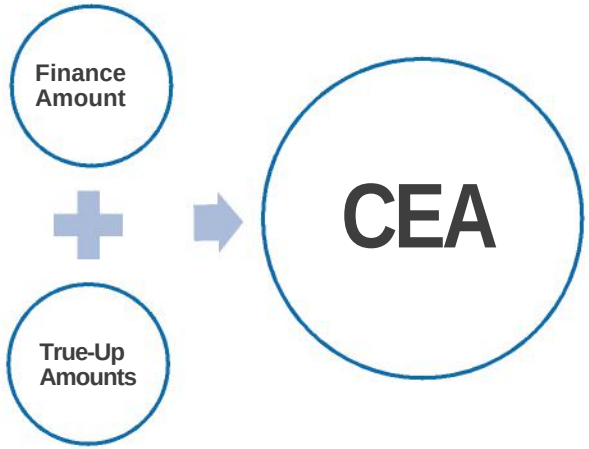

Finance amount = estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the collection obligations of the IESO under the Master Transfer & Servicing Agreement (MTSA), and the ability to include amounts into the true up mechanism
- IESO is allowed to commingle the CEAs during a monthly period before remitting to FHT. If the IESO's rating is downgraded below investment grade, it will not be allowed to commingle CEAs and will remit within two business days of receipt

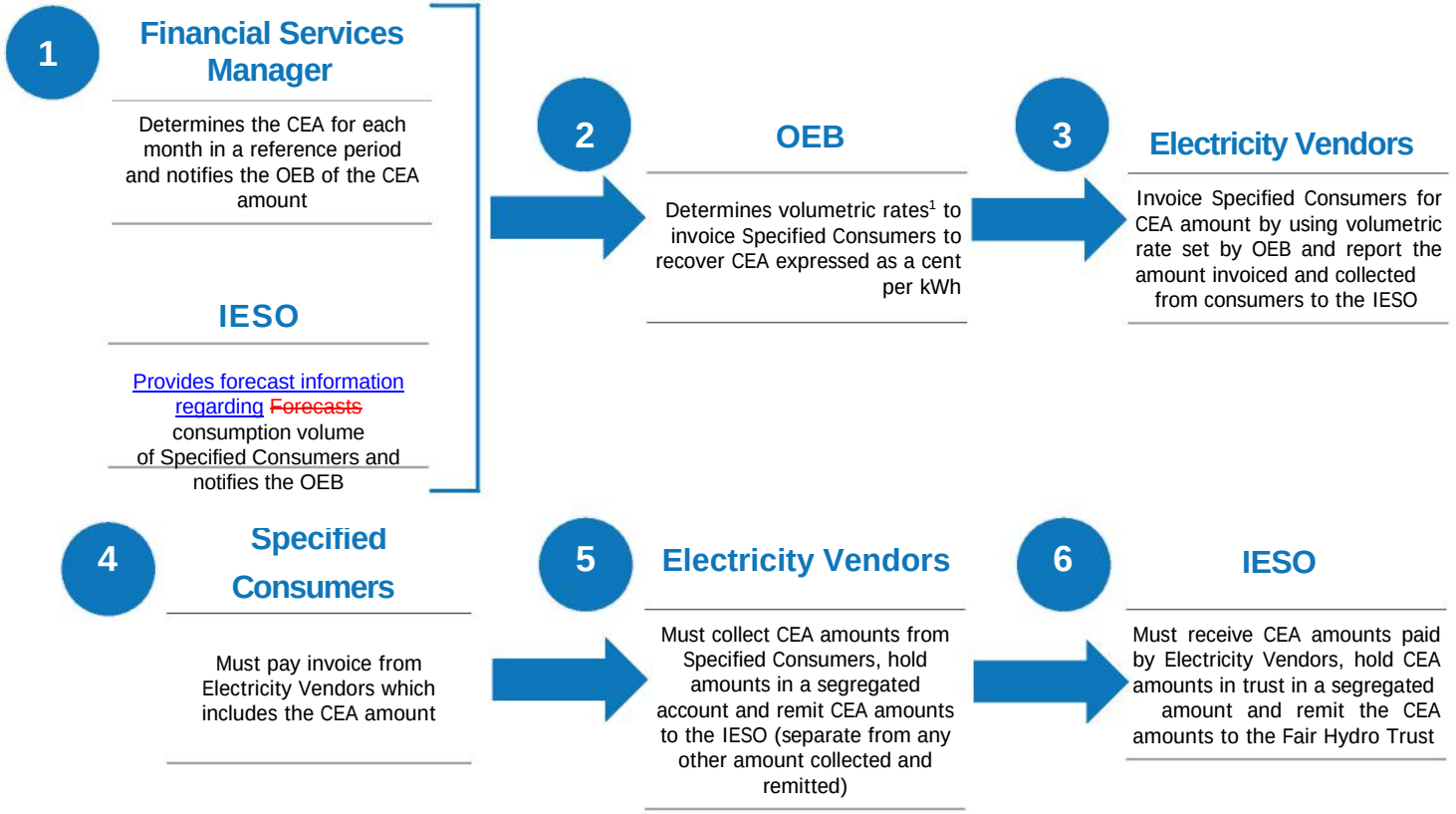

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

[CONFIRM IF FAIR ALLOCATION SHOULD BE INCLUDED. NOT IN OM. CONSIDER ANY CONFIDENTIALITY CONCERNS.]

[Please note that this graph was distorted in converting the pdf to Word.]

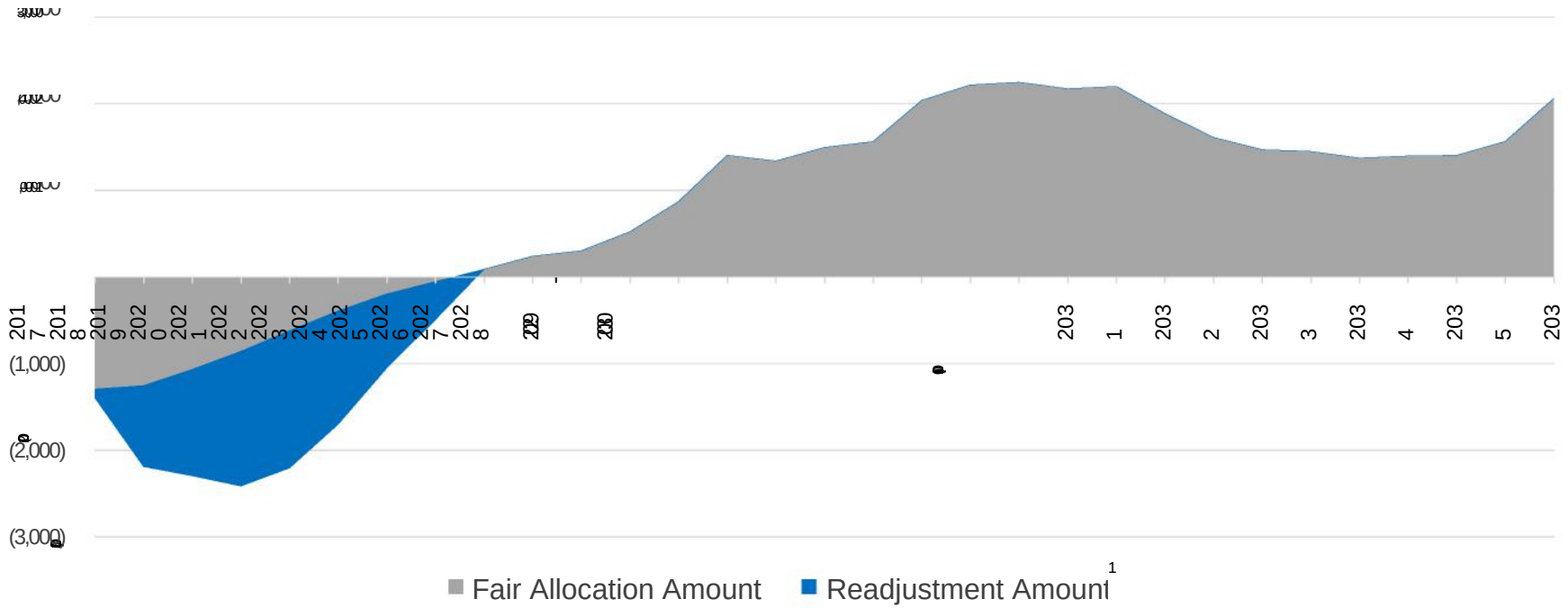

IV. Contractual Framework

Simplified Contractual Structure

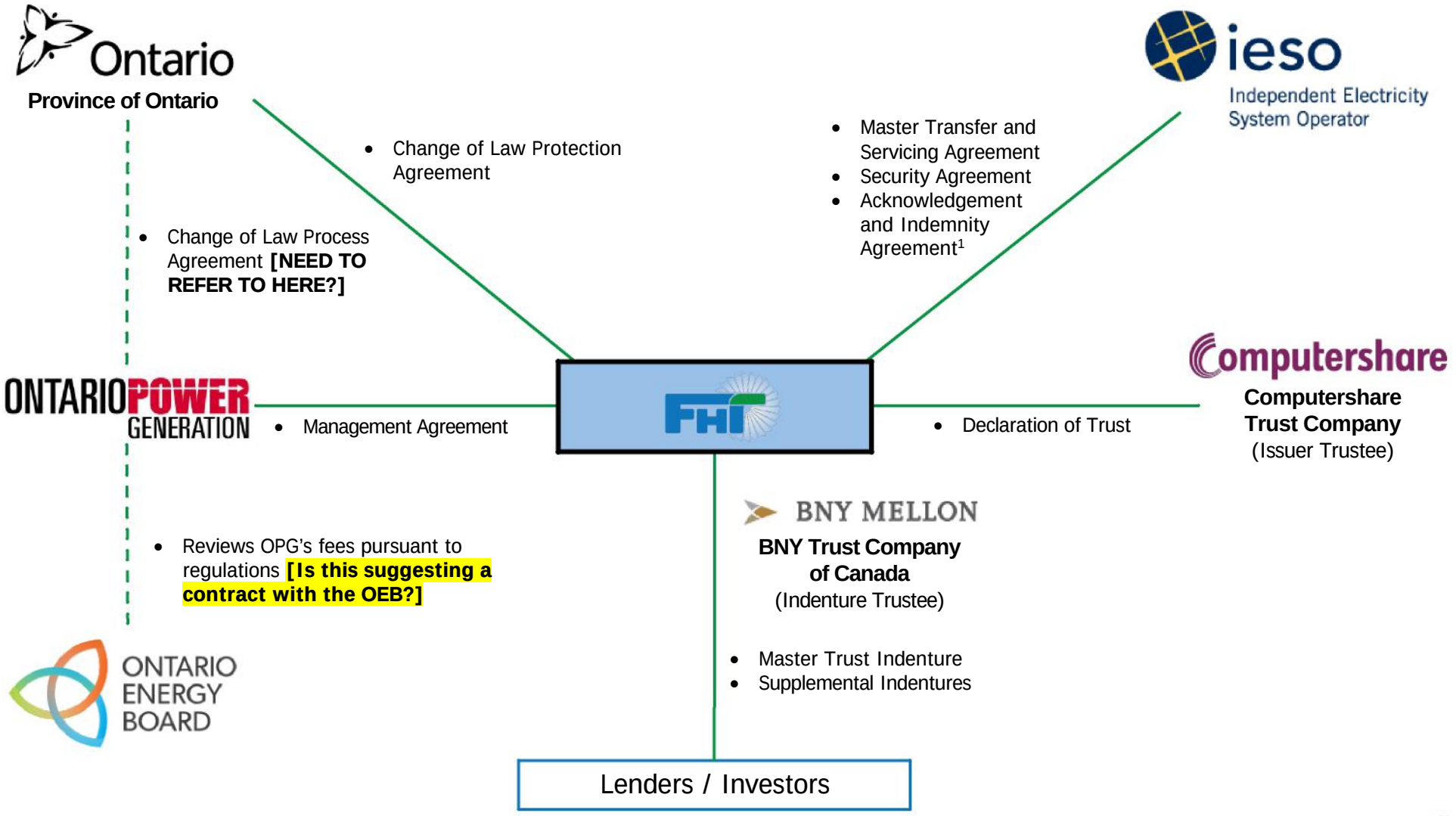

[1] Agreement between IESO and Indenture Trustee.

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee, ~~as Trustee of the Issuer, on behalf of Specified Creditors~~[1] as trustee for Specified Creditors[1], and (3) OPG as Financial Services Manager (FSM) and as Manager
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event referred to below, the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding **[Conform to agreement]** • **Limited Guarantee** ~~**Mandatory Payment**~~: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable (subject to limits on payment obligations following an acceleration) • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called ~~issuance of debt which is to benefit from the Change of Law Protection Agreement from the Province (such debt~~ "Approved Obligations") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other [Program Breach] or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a change of law process agreement between OPG and the Province. Any ~~, and any~~ new funding obligations that are incurred during a suspension period will not have the benefit of the Limited Guarantee ~~Change of Law Protection Agreement,~~ except that the Change of Law Protection Agreement applies to Post-Suspension Refinancing of previously issued Pre-Approved Refinancing

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

10

(1)

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "Regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

(2)

- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to [the Trust] of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest and describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the regulations **[Consider distinguishing MTSA and regulations]**, including collecting CEA amounts from Electricity Vendors and remitting the same to the [Trust], including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause Electricity Vendors to do the same; – Collect CEAs from Electricity Vendors; – Remit CEAs monthly to [the Trust] (unless downgraded below investment grade in which case it will remit daily); – Prepare monthly servicer reports; and – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements (cont'd)

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, as trustee for ~~on behalf of~~ Specified Creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – [Paying taxes on behalf of the Trust]**[Confirm OPG's obligation re tax]** • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests **[Or is this the FSM?]** • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulations to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated substantially all of [the powers and] **[Confirm]** duties of managing the Trust to OPG under the Management Agreement

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	☐		
Determination of CEA for a Reference Period, including the True-Up Amount	☐		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	☐		
Management of Ongoing Debt Issuances	☐		
Cash Management	☐	☐	
Preparation of Monthly Servicer Reports		☐	
Remittance of CEA to IESO and to the Trust		☐	☐
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		☐	☐
Customer Billing			☐
Customer Collections			☐
Customer Meter Reading			☐

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program, as the initial FSM appointed under the Act
- Given the size (~[$20][Confirm] billion) and longevity (~[10][Confirm] years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Initial Warehouse financing (ABCP conduit and bank funded senior debt) and subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly [Regulatory Asset purchases] from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- For example, Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Initial Warehouse	• ABCP conduit and bank funded senior debt and subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated debt and junior subordinated debt funded by OPG • Both Canadian term debt [and U.S. term debt market will be considered] **[Confirm]** • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) **[Describe possible refinancings of shorter maturing debt?]**
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall **[Principal only?]**)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be **[Incurrence or maintenance requirement?]** purchased by OPG, primarily funded by equity injections from the Province (44% of the 49%) and the remaining portion from OPG (5% of 49%)

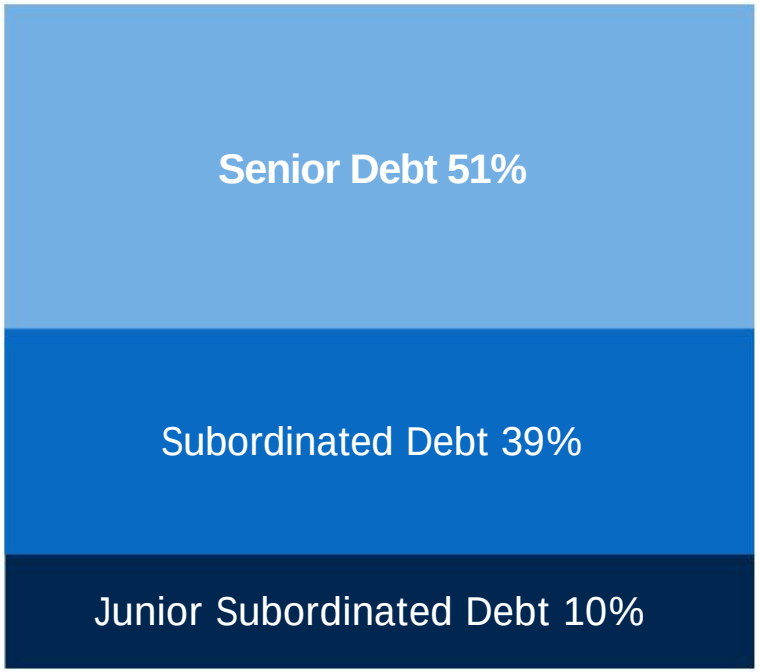

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% Subordinated Debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount **[repayments, but not incurrences]** and the [Province's electricity bill reduction targets **[Can this be suggested? Known?]** the following debt profile for the program is expected, peaking at just under $20 billion by 2029 **[Confirm]**
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which are expected to mature over a period after 2029 **[Confirm. Consider refinancings or shorter maturities?]**

Illustrative Aggregate Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

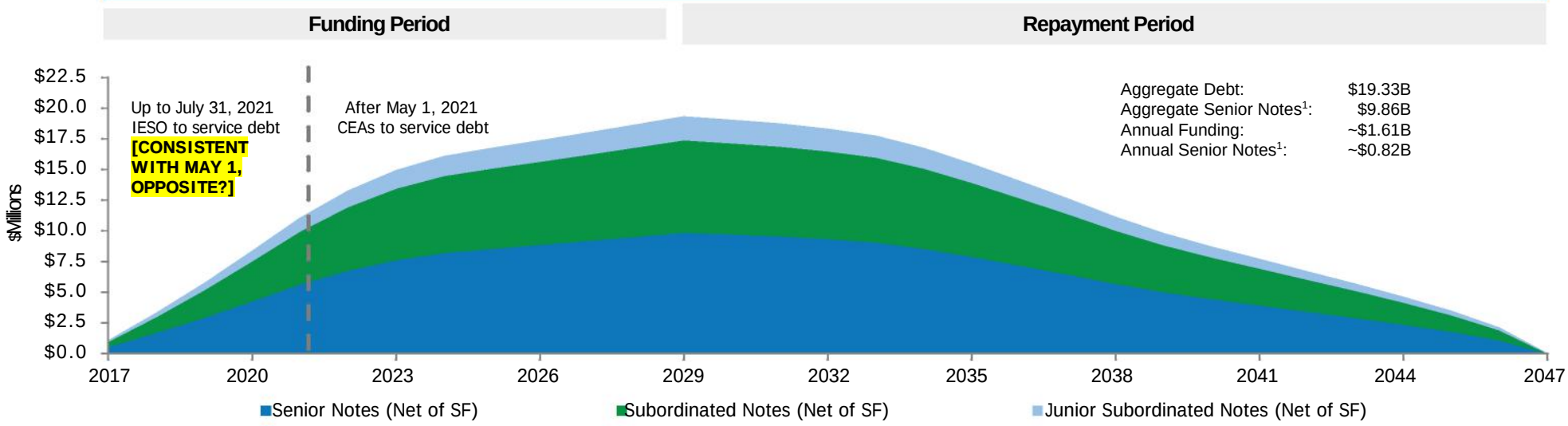

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill **[Can this be suggested? Known?]**
- Max CEA as a percent of the total bill is forecast to be 10.1% **[Known? Assumptions?]**
- Average CEA as a percent of the total bill is forecast to be 6.9% **[Same?]**

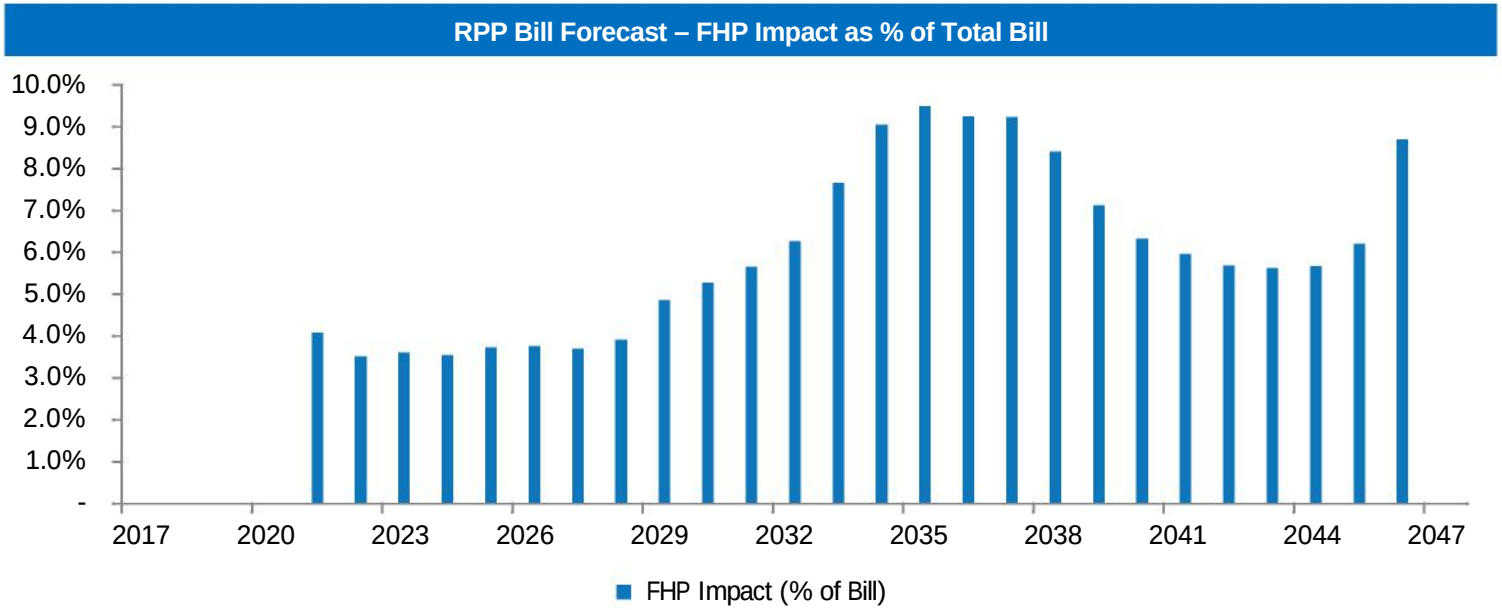

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments, including: – Note issuances under supplemental indentures – Borrowings under future credit agreements – Sales of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations – (i) senior – (ii) subordinated – (iii) junior subordinated
Events of Default	• Include payment defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped ~~CEAs cannot be increased to the level required to immediately repay all outstanding principal following acceleration. The increase in CEAs is limited~~ under the Regulation at the otherwise scheduled amounts, plus an additional amount if the aggregate of those otherwise scheduled amounts would be less than ~~to the amount available per~~ the FAA for the period • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness ~~CEAs are allocated to paying the senior indebtedness first~~. Accordingly, the subordination of debt across all series of debt should ~~would~~ advance the repayment of the principal amount for senior funding obligations • After an acceleration, all **[Confirm. Can a series elect to defer payment on acceleration?]** Senior Term Notes will be paid pa~~r~~ri passu

Waterfall

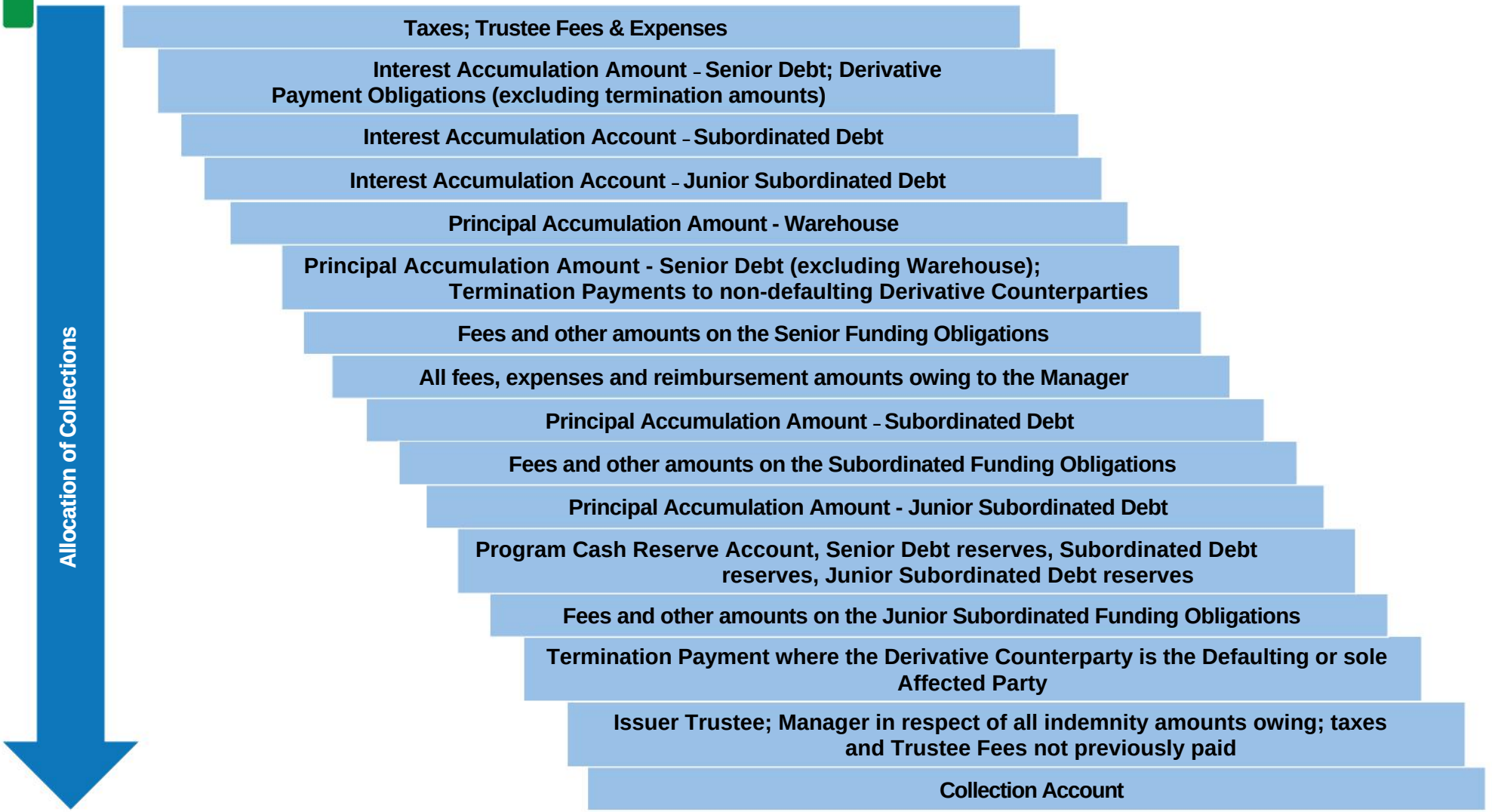

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.

Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Term Issuance	~~Class~~	~~Size~~	~~% of Trust~~	Expected Maturity	Principal Payment Default Date	Rating (DBRS / Moody's)
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA (sf) / Aa2 (sf)
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
ssuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances (not including principal) from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from certain residential and commercial customers in Ontario, related collections and reserve accounts (After May 1, 2021)					
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	Principal Accumulation Date ●, 20●			Principal Accumulation Amount $●		
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual (or more frequent) True-up • Reserve Account • Subordination					
Program Cash Reserve Account	After Moratorium period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post-moratorium period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					
Additional Issuance	Master Trust Indenture allows for the issuance of additional notes subject to satisfaction of Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in the Indenture Trustee for ~~favour of~~ lenders/investors in these
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True up mechanism may result in a delay, but will be corrected in next True up **[Frequency?]** • Cash reserve and 35%-49% subordination which would first absorb any shortfalls **[Maintenance vs Incurrence?]** • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• During the Moratorium Period, the Trust is dependent on the IESO to pay for all Carrying Costs **[Suggests that IESO will pay; not provide cash for Trust to pay]** • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an ~~on~~ LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and [very low losses] **[Any? Socialized?]** and grants security over all of its accounts receivables as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held ~~for the commingling of CEAs~~ by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment **[Sensitive?]** • $2 billion general credit facility from the OFA which can be used to pay the Carrying Costs
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill is forecast to be ~10% **[Known? Confirm?]**

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & [non-bypassable] rate payer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers (Joint and Several Liability)
- Robust ~~Enhanced~~ true-up mechanism **[If this is comparing to a precedent deal, should indicate the comparison]**
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory **[Meaning?]**
- No large user industrial risk exposure **[Meaning?]**

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement

January ■, 2018

FAIR HYDRO TRUST

Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust governed by the laws of the Province of Ontario, established by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See "*Change of Law Protection Agreement*". The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*" and "*Risk Factors*".

[1] **Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.

[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly,

purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA viii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 18
ONTARIO'S FAIR HYDRO PLAN 21
CHANGE OF LAW PROTECTION AGREEMENT 28
THE ISSUER 33
THE MANAGER 35
SUBORDINATED DEBT 37
SHORT TERM INDEBTEDNESS 38
THE TRANSFEROR AND SERVICER 39
CREDIT RATINGS 41
RATING AGENCY CONDITION 42
CAPITAL MARKETS PLATFORM 42
DESCRIPTION OF NOTES 66
DEPOSITORY SERVICES 69
PLAN OF DISTRIBUTION 70
RISK FACTORS 71
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 84
LANGUAGE OF DOCUMENTS 88
RESTRICTIONS ON RESALE 88
REPORTING REQUIREMENTS 89
STATUTORY RIGHTS OF ACTION 89
INDENTURE TRUSTEE 99
LEGAL MATTERS 99
GLOSSARY 100
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 112
EXHIBIT 1 113

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

[3] **Note:** Please complete.

[4] **Note:** Please complete.

- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement"*.
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations.[8] The

[6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

	Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10] Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods.

The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a

Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, 2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement,[14] the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

[14] **Note:** Not sure how this lines up with fee recovery.

the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[15]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][16], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Consumers in respect of such period, based

[15] **Note:** Add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and specifically address in Risk Factors.

[16] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

on forecast information provided to the OEB by the IESO. See "*— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][17], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][18] until remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[19] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[20] It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[21]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See "*The Transferor and Servicer.*"

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations;

[17] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.

[18] **Note:** Please see note 17.

[19] **Note:** Please see note 17.

[20] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.

[21] **Note:** Please confirm.

negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See "*The Manager*".

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See "*The Manager*".

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][22], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][23] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][24] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See "*The Transferor and Servicer.*"

[22] **Note:** Please see note 17 regarding bracketed references to the "Issuer" in this paragraph..

[23] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

[24] **Note:** Please confirm.

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market

undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be

entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination

event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[25] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[26]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding

[25] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.

[26] **Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.

Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits].[27] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][28] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

[27] **Note:** The description should more closely align with the stated purposes of the FHPA in Section 3 of the Act.

[28] **Note:** MOE to confirm whether including this sort of prediction is appropriate.

	Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration"*.
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June

and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see "*Warehouse Facilities*");
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior

subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency:

Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription:	Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.
Optional Redemption:	Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.
Purchase for Cancellation:	The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.
Distribution Method:	The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.

Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power

turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers,

acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:[29]

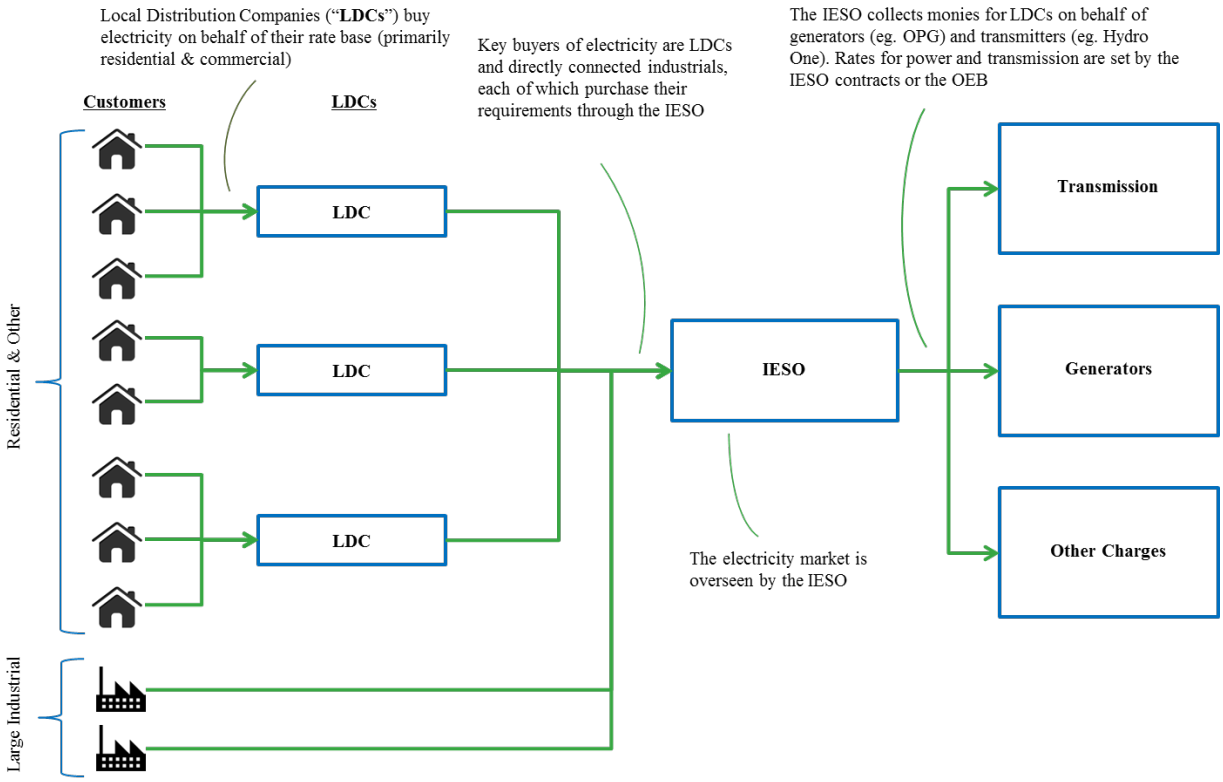

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the Global Adjustment charge.

[29] **Note:** Proposed revisions to the text in the chart: (i) "The electricity market is ~~overseen~~ administered by the IESO"; (ii) "~~Rates for power and transmission are set by the IESO contracts or the OEB.~~ Prices paid to generators are determined by IESO contracts or approved by the OEB. Transmission rates are approved by the OEB."

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is paid by all consumers. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all Specified Consumers[30] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities in this regard, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered commodity prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[31] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][32]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will be the rates that result in a representative consumer being charged an invoice amount that is 25%[33] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**") absent Ontario's Fair Hydro Plan.

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

[30] **Note:** Some consumers below 500 kw are not Specified Consumers.

[31] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.

[32] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.

[33] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government and the shifting of certain support program costs from the rate base to the tax base.

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated its intention that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[34] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, in accordance with the FHPA, the IESO is not entitled to collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

[34] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover its "Finance Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[35]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[36] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

[35] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be warranted here.

[36] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FHPA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) for any period before May 1, 2021, amounts received during the period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during the preceding Reference Periods. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Creditors in respect of such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[37] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[38] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[39] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and

[37] **Note:** Please see note 17 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).

[38] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.

[39] **Note:** Please confirm.

remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][40] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

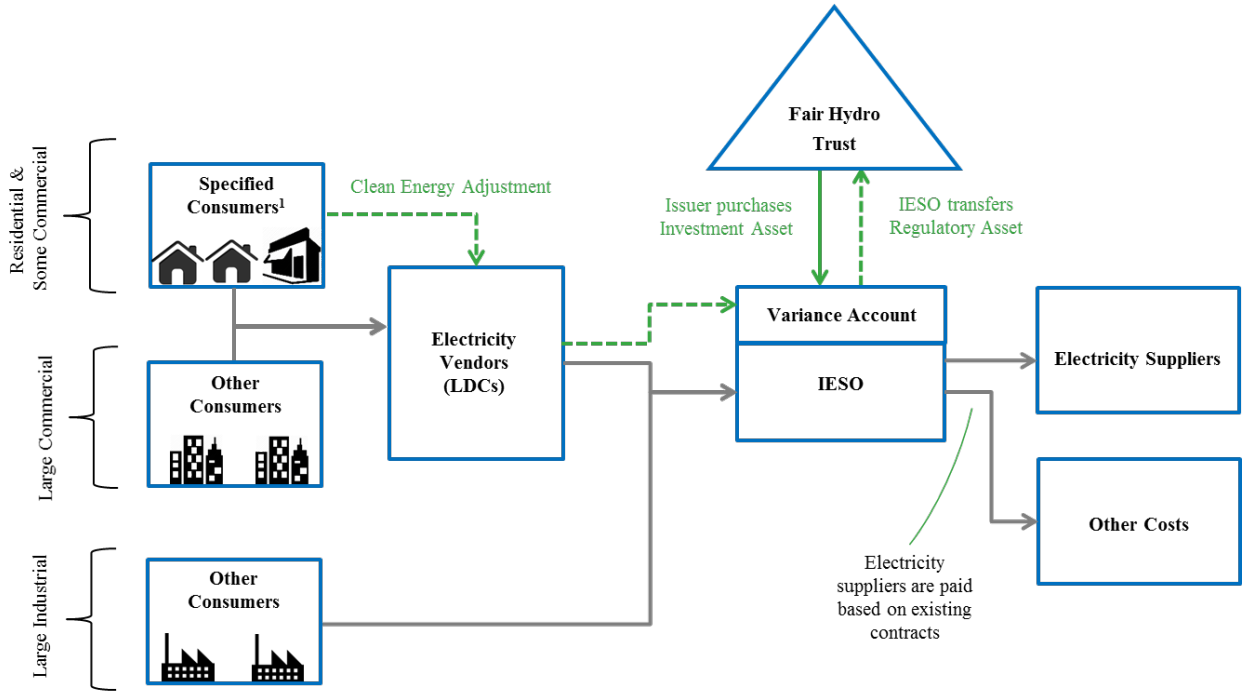

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[41] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided

[40] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

[41] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their fair share of the costs of providing Clean Energy Benefits][42]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][43] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[44] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[45] The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying

[42] **Note:** Any description of the purpose of the FHPA should conform with the stated purposes of the Act set out in Section 3.

[43] **Note:** MOE to confirm.

[44] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.

[45] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General

Regulation under the FHPA (in effect as at December 21, 2017)][46], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

[46] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust governed by the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

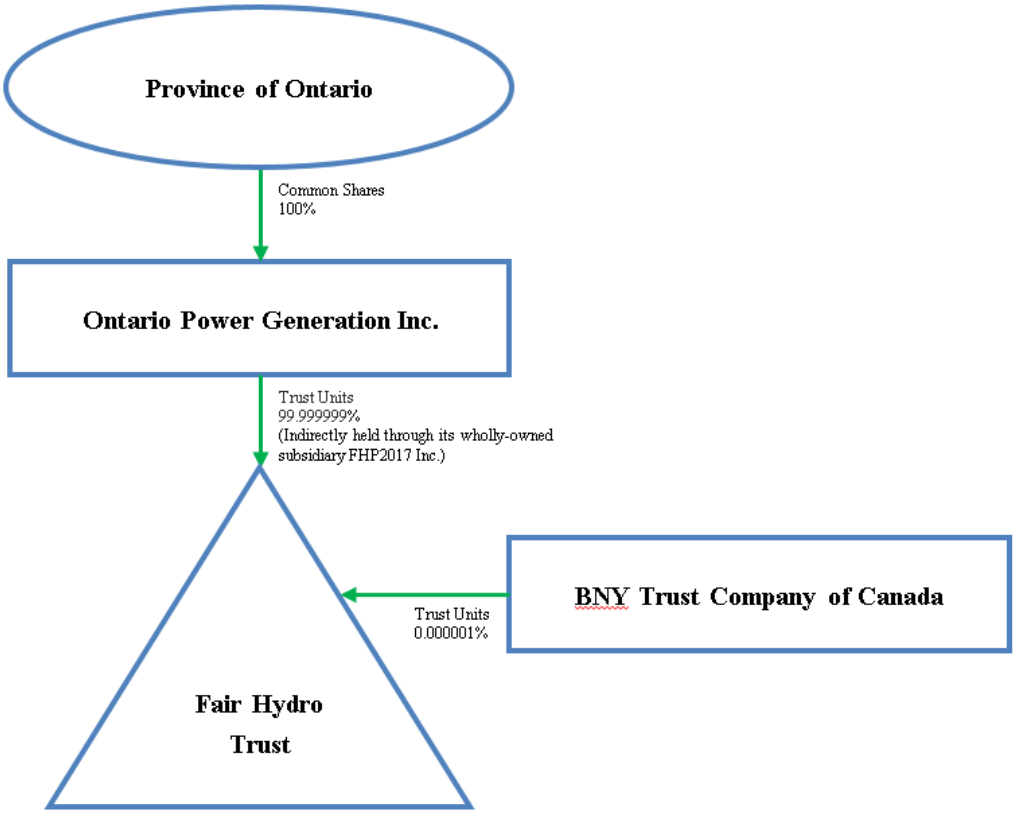

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, [47] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

[47] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors − Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

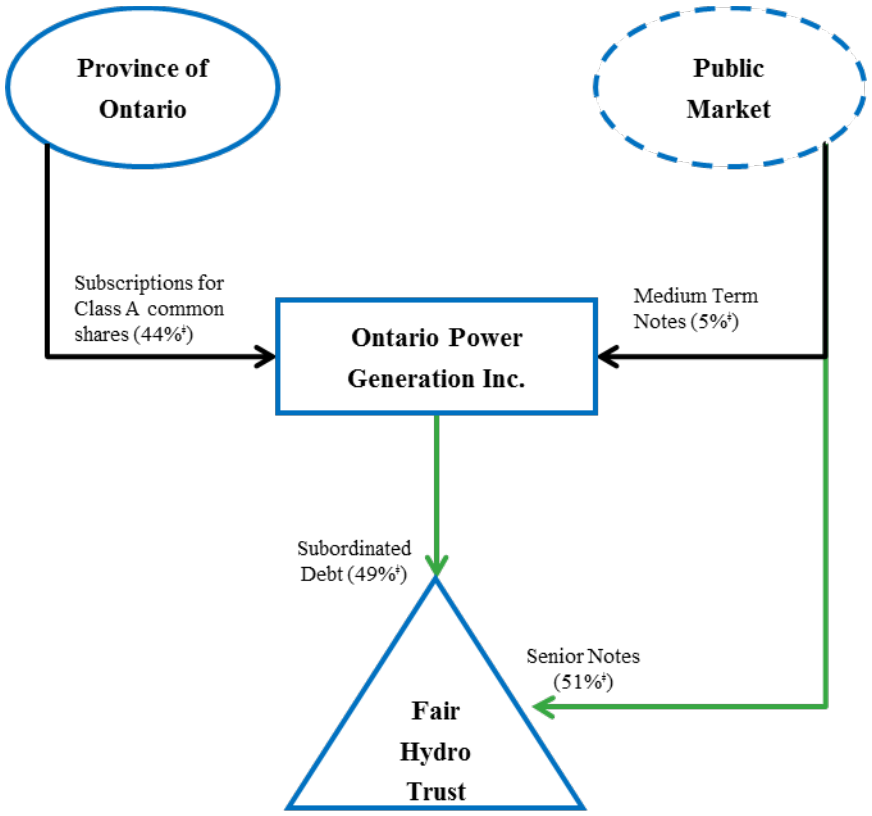

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[48] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[49] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs.

As security for the performance of its obligation to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy

[48] **Note:** Please confirm.

[49] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no

assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See "*— Subordination Provisions*", "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;

- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;

- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;

- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);

- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and

- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer

may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[50]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities

[50] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for

the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "*— Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required

Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law

Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all

actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "*— Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel,[51] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

[51] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of

acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See "*Capital Markets Platform*".[52]

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts

[52] **Note:** Please consider tracking the specific terms of section 6.1 of the General Regulation, and add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and Risk Factors.

will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;

- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;

- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;

- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;

- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;

- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;

- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

- any events of default with respect to such Series or Tranche of Senior Notes;

- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;

- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term

Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the

unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the

book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price

of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any

Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[53] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy

[53] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[54]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[55] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

[54] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[55] **Note:** Is there any other information to be added apart from the expiry date?

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral. See "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*". Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in

principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform – Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[56]

[56] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to

the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[57] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

[57] **Note:** Please confirm.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[58] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power

[58] **Note:** Please confirm source/ conform to wording in FHPA.

lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior

Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form

part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017*,[59] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

[59] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the

Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to

verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited

investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

  (iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

    (A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid

in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to,

bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[60]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[61]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.[62]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

[60] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[61] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

[62] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in

the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[63]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

[63] **Note:** Definition not used.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts —*

Program Accounts — Protection Account".

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under "*The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amounts**" has the meaning set out under "*Change of Law Protection Agreement — Protection Event*".

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

From:	Hanslep, Malle (MOF)
To:	Ronald Kwan; James Devine; John Kim; John Psinas; Tobias P. Whitfield (MOF); Elcombe, James (MOF); Ken Kandeepan; Gadi Mayman; Mike Manning
Subject:	Fw: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Date:	Wednesday, August 23, 2017 6:14:27 PM
Attachments:	#23425981v12_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture.docx Fair Hydro - Master Transfer & Servicing Agreement (Alternative Funding Rebate Regulation Version).DOCX

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Sent: Wednesday, August 23, 2017 18:05
To: Hanslep, Malle (MOF)
Subject: FW: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

FYI

From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Date: Wednesday, Aug 23, 2017, 5:48 PM
To: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>, RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>
Subject: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

Fyi
Docs forwarded to Carolyn and Blakes

Sent with BlackBerry Work (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=bcH1-6wsQPDlhODHVm0KhKFDyUzLtwUmAg_0UGQF1ns&s=KlPPfWOUgJaGFcbUg49WuI51UzAgY07K4QvW54pfF5Q&e= >)

From: "Ramchandani, Rima" <rramchandani@torys.com>
Sent: Aug 23, 2017 5:43 PM
To: "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>
Subject: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Cc: "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Leibel, Robbie" <rleibel@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>

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Steve, as requested, attached are our current working drafts of the Fair Hydro Master Trust Indenture and Master Transfer and Servicing Agreement. Please note that these drafts are still in progress and, in particular, are subject to revision to reflect comments from OPG and the broader working group, as well as finalization of the mechanics of the payment of the debt carrying costs during the moratorium period (which we understand are expected to be paid by the IESO and addressed in a new regulation).

Please let us know if you have any comments or questions on the attached. We are in the process of advancing the drafts of the DOT and management agreement and will forward those to you as soon as possible.

Best,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-

2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=bcH1-6wsQPDlhODHVm0KhKFDyUzLtwUmAg_0UGQF1ns&s=z0xaXrxZDqu-xtvJnB0CyIP9bSR6y71DlRU7KevK_EQ&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=bcH1-6wsQPDlhODHVm0KhKFDyUzLtwUmAg_0UGQF1ns&s=z0xaXrxZDqu-xtvJnB0CyIP9bSR6y71DlRU7KevK_EQ&e= >

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Torys Draft:
August 23, 2017

[ISSUER]

as Issuer

AND

[INDENTURE TRUSTEE]

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Other Specified Creditors 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 7
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc. 10
2.03 Use of Collateral 11
2.04 Suits To Protect the Collateral 12
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 13
2.09 Release of all Collateral 14
2.10 Certain Commercial Law Representations and Warranties 14

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 15
3.03 Form of Indenture Trustee's Certificate of Authentication 16
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 19

TABLE OF CONTENTS
(continued)

Page

3.06 Beneficial Ownership of Global Notes 20
3.07 Notices to Depository 21
3.08 CUSIP Numbers 21

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series, Class or Tranche of Notes 21
4.02 Denominations 24
4.03 Execution, Authentication and Delivery and Dating 24
4.04 Temporary Notes 25
4.05 Registration, Transfer and Exchange 26
4.06 Mutilated, Destroyed, Lost and Stolen Notes 29
4.07 Persons Entitled to Payment 30
4.08 Cancellation 31
4.09 Protection of Notes 31
4.10 New Issuances of Notes 32

ARTICLE V CONDITIONS PRECEDENT 32

5.01 Conditions Precedent for Incurrence of Indebtedness 32
5.02 No Consent 34
5.03 Conditions Precedent for the Incurrence of other Obligations 34
5.04 Acknowledgements 34

ARTICLE VI SUBORDINATION 35

6.01 Subordination 35
6.02 Subrogation to Senior Funding Obligations 35
6.03 Rights of Specified Creditors Preserved 35
6.04 Renewal or Extension of Senior Funding Obligations 36

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 36

7.01 Available Collections 36
7.02 Issuer Accounts; Distributions from Issuer Accounts 36
7.03 Investment of Funds in the Issuer Accounts 38
7.04 Allocation of Amounts on Deposit in the Collection Account 39
7.05 Allocation of Amounts on Deposit in the Other Issuer Accounts 43
7.06 Payments to be Held in Trust 43
7.07 Application of Trust Money 43

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 44

TABLE OF CONTENTS
(continued)

Page

8.01 Events of Default 44
8.02 Acceleration of Maturity; Rescission and Annulment 45
8.03 Waiver of Past Defaults 47
8.04 Notice of Defaults 47
8.05 Remedies Generally 48
8.06 Collection of Indebtedness and Suits for Enforcement by Indenture Trustee 48
8.07 Indenture Trustee May File Proofs of Claim 49
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 50
8.09 Indenture Trustee May Elect to Hold the Collateral 50
8.10 Termination by Indenture Trustee of Manager, Administrative Agent and Servicer 50
8.11 Control by Debtholders of Funding Obligations 50
8.12 Limitation on Suits 51
8.13 Application of Money Following an Event of Default 51
8.14 Unconditional Right of Noteholders to Receive Principal and Interest 53
8.15 Limited Recourse 53
8.16 Restoration of Rights and Remedies 53
8.17 Rights and Remedies Cumulative 54
8.18 Delay or Omission Not Waiver 54
8.19 Waiver of Stay or Extension Laws 54
8.20 Indenture Trustee Appointed Attorney 54
8.21 Disclaimer of Marshalling 55

ARTICLE IX THE INDENTURE TRUSTEE 55

9.01 Certain Duties and Responsibilities 55
9.02 Certain Rights of Indenture Trustee 56
9.03 Not Responsible for Recitals or Issuance of Notes 58
9.04 May Hold Notes 58
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 58
9.06 Corporate Indenture Trustee Required; Eligibility 59
9.07 Resignation and Removal; Appointment of Successor 59
9.08 Acceptance of Appointment by Successor 61
9.09 Merger, Conversion, Consolidation or Succession to Business 61
9.10 Trust Indenture Legislation 62
9.11 Representations and Covenants of the Indenture Trustee 62
9.12 Indenture Trustee's Application for Instructions from the Issuer 63
9.13 Appointment of Co-Trustee or Separate Indenture Trustee 63
9.14 Preservation of Information; Communications to Debtholders 64
9.15 Acceptance of Trusts by Indenture Trustee 65
9.16 Paying Agent 65

TABLE OF CONTENTS
(continued)

Page

ARTICLE X MEETINGS 67

10.01 Conduct of Meetings 67
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 69
10.03 Extraordinary Resolution 71
10.04 Declaration by Chairman of Result of Vote 71
10.05 Minutes 72
10.06 Signed Instruments 72
10.07 Persons Who May Attend 72
10.08 Binding Effect of Resolutions 72
10.09 Notes Regarded as Not Outstanding for Certain Purposes 73

ARTICLE XI SUPPLEMENTAL INDENTURES 73

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 73
11.02 Supplemental Indentures with Consent of Debtholders 75
11.03 Execution of Amendments and Supplemental Indentures 76
11.04 Effect of Amendments and Supplemental Indentures 76
11.05 Reference in Notes to Supplemental Indentures 77

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 77

12.01 Representations and Warranties of the Issuer 77

ARTICLE XIII COVENANTS OF THE ISSUER 79

13.01 Payment of Principal and Interest 79
13.02 Use of Proceeds 79
13.03 Maintenance of Office or Agency 79
13.04 Legal Existence 80
13.05 Separateness Covenants 80
13.06 Compliance with Laws 81
13.07 Performance of Obligations 81
13.08 Funding Obligations 81
13.09 Financial Statements 81
13.10 Statement as to Compliance 82
13.11 Monthly Specified Creditor Statement 82
13.12 Payment Instruction 82
13.13 Notice of Events of Default 82
13.14 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 82
13.15 Other Positive Covenants 83
13.16 Rule 144A Information 84

TABLE OF CONTENTS
(continued)

Page

13.17 Further Instruments and Acts 84
13.18 No Other Business 84
13.19 Amendments to Program Agreements 84
13.20 Issuer May Consolidate, Etc., Only on Certain Terms 85
13.21 Successor Substituted 86
13.22 Guarantees, Loans, Advances and Other Liabilities 87
13.23 Capital Expenditures 87
13.24 Restricted Payments 87
13.25 No Borrowing 87
13.26 Other Negative Covenants 88
13.27 Indenture Trustee May Perform Covenants. 88

ARTICLE XIV EARLY AMORTIZATION OF FUNDING OBLIGATIONS 89

14.01 Applicability of Article 89
14.02 Notice 90

ARTICLE XV MANAGEMENT AGREEMENT, ADMINISTRATIVE SERVICES AGREEMENT, LIQUIDITY AGREEMENTS AND CREDIT ENHANCEMENT AGREEMENTS 90

15.01 Management Agreement and Administrative Services Agreement 90
15.02 Liquidity Agreements 90
15.03 Credit Enhancement Agreements 91

ARTICLE XVI NOTICES 91

16.01 Notice to Issuer 91
16.02 Notice to the Indenture Trustee 92
16.03 Notice to Noteholders 92
16.04 Notice to Other Specified Creditors 93
16.05 Notice to Rating Agencies 93
16.06 Change of Address 93

ARTICLE XVII MISCELLANEOUS 94

17.01 No Petition 94
17.02 U.S. Tax Treatment 94
17.03 Alternate Payment Provisions 94
17.04 Final Distribution 94
17.05 Force Majeure 95
17.06 Delivery of Executed Copies 95

TABLE OF CONTENTS
(continued)

Page

SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF INVESTMENT LETTER [DATE]
EXHIBIT 2 — FORM OF PAYMENT INSTRUCTIONS

This **TRUST INDENTURE**, between **[ISSUER]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the issuance of its Notes to be issued in one or more fully registered or bearer Series, Classes or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) [all other terms used herein which are defined in the Master Transfer and Servicing Agreement, either directly or by reference therein, have the meanings assigned to them therein;][1]

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

[1] Defined terms from Master Transfer and Servicing Agreement to be included in Schedule A. Schedule A will be a master glossary for all Program Agreements.

(d) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(h) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series, Class or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the first authentication of Notes of such Series, Class or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Series, Class or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. If Notes of a Series, Class or Tranche are issuable in whole or in part as Bearer Notes, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at

any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness to such execution or by the certificate of any notary public or other officer authorized by applicable law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or limited liability company, or a partner of a partnership, on behalf of such corporation, limited liability company or partnership, such certificate or affidavit will also constitute sufficient proof of his or her authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the

Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.14 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Notes Outstanding have authorized or agreed or consented to such Action, and for that purpose the Notes Outstanding will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to Section 4.01 or pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided

in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than 90 days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or

a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) the Collection Account (including all Sub-Accounts thereof), each Finance Reserve Account (including all Sub-Accounts thereof), each Capital Reserve Account (including all Sub-Accounts thereof) and each Supplemental Reserve Account (including all Sub-Accounts thereof);

(iii) all Eligible Investments and all investment property, money and other property held in the Collection Account, any Finance Reserve Account, any Capital Reserve Account or any Supplemental Reserve Account (including any Sub-Accounts thereof);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vi) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(vii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(viii) all amounts received with respect to all of the foregoing; and

(ix) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.[2]

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the

[2] Dealers to consider providing flexibility for Issuer to provide separate security to Derivative Counterparties.

duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce the Investment Asset, any Derivative Agreement, any Credit Enhancement Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all taxes or assessments levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Series, Class or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Series, Class or Tranche of Notes as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Series, Class or Tranche of Notes (except as to any surviving rights of transfer or exchange of Notes of that Series, Class or Tranche expressly provided for herein or in the form of Note for that Series, Class or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Series, Class or Tranche, when:

(i) all Notes of that Series, Class or Tranche theretofore authenticated and delivered (other than (A) Notes of that Series, Class or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 17.04(b), and (B) Notes of that Series, Class or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 17.04(b)) have been delivered to the Indenture Trustee canceled or for cancellation;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Notes of that Series, Class or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that Series, Class or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Series, Class or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that Series, Class or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.07 and 17.04(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Manager certifying that all Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other

documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person.

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Series, Class or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Each Note will be in one of the forms approved from time to time by or pursuant to a Supplemental Indenture. Before the delivery of a Note to the Indenture Trustee for authentication in any form approved by or pursuant to an Issuer Certificate, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of

Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Series, Class or Tranche designated therein referred to in the within-mentioned Indenture.

[INDENTURE TRUSTEE], as Indenture Trustee,

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes pursuant to Sections 3.02 and 4.01 that the Notes of a particular Series, Class or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Scheduled Final Payment Date of such Notes) of the Outstanding Notes of such Series, Class or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to [Issuer] (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch

as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to [Issuer] (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Series, Class or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Series, Class or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Series, Class or Tranche of like tenor and terms in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Series, Class or Tranche or portion thereof issued or issuable

in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Series, Class or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Series, Class or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such Series, Class or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If specified by the Issuer pursuant to Sections 3.02 and 4.01 with respect to Notes issued or issuable in the form of a Global Note, the Depository for such Global Note may surrender such Global Note in exchange in whole or in part for individual Notes of such Series, Class or Tranche of like tenor and terms in definitive form on such terms as are acceptable to the Issuer and such Depository. Thereupon the Issuer will execute, and the Indenture Trustee or its agent will authenticate and deliver, without service charge, (A) to each Person specified by such Depository a new Note or Notes of the same Series, Class or Tranche of like tenor and terms and of any authorized denomination as requested by such Person in aggregate Stated Principal Amount equal to and in exchange for such Person's beneficial interest in the Global Note; and (B) to such Depository a new Global Note of like tenor and terms and in an authorized denomination equal to the difference, if any, between the Stated Principal Amount of the surrendered Global Note and the aggregate Stated Principal Amount of Notes delivered to the Noteholders thereof.

(iv) If any Event of Default has occurred and is continuing with respect to such Global Notes, and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of that Series advise the Indenture Trustee and the Depository that a Global Note is no longer in the best interest of the Noteholders of that Series, the holders of Global Notes of that Series may exchange such Notes for individual Notes.

(v) In any exchange provided for in any of the preceding four paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the

Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Tranche, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series, Class or Tranche and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, Class or Tranche, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series, Class or Tranche of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the

Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable clearing agency or Depository and the clearing agency's or Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the applicable clearing agency or Depository and the clearing agency's or Depository's participants and will be limited to those established by applicable law and agreements between such Note Owners and the clearing agency or Depository and/or the clearing agency's or Depository's participants. Pursuant to the operating rules of the applicable clearing agency, unless and until Notes in definitive form are issued pursuant to Section 3.04, the clearing agency or the Depository will make book-entry transfers among the clearing agency's or the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such clearing agency's or Depository's participants.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note

Owners (acting through the clearing agency and the clearing agency's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series, Class or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes may be issued in one or more Series, Classes or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) Each Note issued must be part of a Series, Class and Tranche of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A Class or Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes may, but need not be, subdivided into multiple Classes. Notes belonging to a Class in any Series may be entitled to specified payment priorities over other Classes of Notes in that Series.

(e) Notes of a Series that belong to different Classes in that Series belong to different Tranches on the basis of the difference in Class membership.

(f) Each Class of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Class of a Series will belong to different Tranches if they have different terms and conditions. With respect to any Class of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(g) Before the initial issuance of Notes of each Series, Class or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Series designation;

(ii) the Stated Principal Amount of the Notes;

(iii) whether such Notes are of a particular Class of Notes or a Tranche of a Class of Notes;

(iv) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(v) if the principal of or interest, if any, on such Notes are to be payable, at the election of the Issuer or a Noteholder, in a currency or currencies other than that in which the Notes are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(vi) if the amount of payments of principal of or interest, if any, on such Notes may be determined with reference to an index based on (A) a currency or currencies other than that in which the Notes are stated to be payable, (B) changes in the prices of one or more other securities or indexes of securities or (C) changes in the prices of one or more commodities or indexes of commodities, or any combination of the foregoing, the manner in which such amounts will be determined;

(vii) the price or prices at which such Series, Class or Tranche of Notes will be issued;

(viii) the times at which such Series, Class or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(ix) the rate per annum at which such Series, Class or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be

determined, including all relevant definitions, and the date from which interest will accrue;

(x) each Payment Date, the Scheduled Final Payment Date and the Legal Maturity Date for such Series, Class or Tranche of Notes;

(xi) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series, Class or Tranche of Notes;

(xii) whether or not application will be made to list such Series, Class or Tranche of Notes on any securities exchange;

(xiii) any Events of Default or Early Amortization Events with respect to such Series, Class or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default or Early Amortization Events set forth herein that will be applicable to such Series, Class or Tranche of Notes (including a provision making any Event of Default or Early Amortization Event set forth herein inapplicable to the Notes of that Series, Class or Tranche);

(xiv) if such Series, Class or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xv) if such Series, Class or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series, Class or Tranche of Notes are to be issued with or without coupons or both;

(xvi) the subordination of such Series, Class or Tranche of Notes to any other indebtedness of the Issuer, including without limitation, the Notes of any other Series, Class or Tranche;

(xvii) if such Series, Class or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;

(xviii) if such Series, Class or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series, Class or Tranche of Notes, if different from the last day of the month before the related Payment Date;

(xx) the amount scheduled to be deposited on each Payment Date during an Amortization Period or Accumulation Period for such Series, Class or Tranche of Notes;

(xxi) whether and under what conditions, additional amounts will be payable to Noteholders of such Series, Class or Tranche; and

(xxii) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(h) The form of the Notes of each Series, Class or Tranche will be established pursuant to the provisions of this Indenture and the Related Supplemental Indenture or Terms Document. The Notes of each Series, Class or Tranche will be distinguished from the Notes of each other Series, Class or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(i) Any terms or provisions in respect of the Notes of any Series, Class or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series, Class or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series, Class or Tranche, the Registered Notes of that Series, Class or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series, Class or Tranche, the Bearer Notes of that Series, Class or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series, Class or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series, Class or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series, Class or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series, Class or Tranche are issued, the Issuer will cause definitive Notes of such Series, Class or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series, Class or Tranche will be exchangeable for definitive Notes of such Series, Class or Tranche upon surrender of the temporary Notes of such Series, Class or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series, Class or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series, Class or Tranche

will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series, Class or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Series, Class or Tranche, and for transfers of Registered Notes or of Registered Notes of such Series, Class or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Series, Class or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Series, Class or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Scheduled Final Payment Date and Legal Maturity Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Series, Class or Tranche may be exchanged for other Notes of such Series, Class or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Scheduled Final Payment Date and Legal Maturity Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Series, Class and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to

the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Series, Class or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Series, Class or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Series, Class or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Series, Class or Tranche so selected for redemption or (B) if Notes of the Series, Class or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Series, Class or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian and United States federal income tax laws and regulations then in effect and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial

ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Series, Class or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in the form of the investment letter attached hereto as Exhibit 1 or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by

them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Series, Class or Tranche, Scheduled Final Payment Date, Legal Maturity Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Series, Class or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) The right of any Noteholder to receive interest on or principal of any Note shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly so withheld or deducted shall be treated as actually paid to the appropriate Noteholder.

(h) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged,

destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Class or Tranche of a Series of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Class or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Class or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Class or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Class or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes. Furthermore, the targeted deposits, if any, to any applicable Issuer Account, will be increased proportionately to reflect the principal amount of the additional Notes.

(b) When issued, the additional Notes of a Class or Tranche will be identical in all respects to the other Outstanding Notes of that Class or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Class or Tranche without preference, priority or distinction.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Funding Obligations, the following conditions precedent shall be satisfied:[3]

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (i) in the case of a Note issuance only,

[3] OPG and Dealers to discuss need for condition precedent re minimum amount of subordinated debt.

authenticate and deliver such Notes, and (ii) in the case of all other Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Class or Tranche of Notes;

(f) each creditor for such Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.06 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.15 (Limited Recourse) and Section 17.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(h) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(i) in the case of Bearer Notes issued to a United States Person that are "registration required obligations" as described in section 163(f)(2)(A) of the Internal Revenue Code only, such Notes shall be issued in registered form for U.S. federal income tax purposes or shall be issued in accordance with section 4701(b)(1)(B) of the Internal Revenue Code; and

(j) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

The Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.06 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.15 (Limited Recourse) and Section 17.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement on any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of the Associated Subordinated Funding Obligations of any Series shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable. The payment of the Associated Junior Subordinated Funding Obligations of any Series shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Funding Obligations pursuant to Section 8.02, payment in respect of the Associated Subordinated Funding Obligations and the Associated Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Funding Obligations pursuant to Section 8.02, payment on account of the Associated Subordinated Funding Obligations and the Associated Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations or the making of due provision for such payment, the Debtholders of Associated Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Associated Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Associated Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of Associated Subordinated Funding Obligations and Senior Funding Obligations or the making of due provision for such payment, the Debtholders of Associated Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Associated Subordinated Funding Obligations and Senior Funding Obligations to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Associated Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Associated Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of the Senior Funding Obligations and the Associated Subordinated Funding Obligations and Associated Junior Subordinated Funding Obligations, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of the Senior Funding Obligations, to pay the Associated Subordinated Funding Obligations and Associated Junior Subordinated Funding Obligations as

and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of the Associated Subordinated Funding Obligations and Associated Junior Subordinated Funding Obligations, and creditors of the Issuer other than the Debtholders of such Senior Funding Obligations, nor shall anything in this Article VI prevent the Indenture Trustee or the Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of the Debtholders of such Senior Funding Obligations and the Indenture Trustee on their behalf in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in the Related Funding Obligation Agreement, the Debtholders of Senior Funding Obligations of any particular Series may at any time in their discretion renew or extend the time of payment of such Senior Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Associated Subordinated Funding Obligations or Associated Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts; Distributions from Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the

Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account".

(b) From time to time in connection with the creation of any Series of Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors at such time shall be credited to a Capital Reserve Account in accordance with the terms of any applicable Funding Obligation Agreement and Section 7.04 or 8.13, as applicable. Each Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Capital Reserve Account. From the date each such new Capital Reserve Account is established, it shall be a "Capital Reserve Account".

(c) From time to time in connection with the creation of any Series of Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time shall be credited to a Finance Reserve Account in accordance with the terms of any applicable Funding Obligation Agreement and Section 7.04 or 8.13, as applicable. Each Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such

longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Finance Reserve Account. From the date each such new Finance Reserve Account is established, it shall be a "Finance Reserve Account".

(d) From time to time in connection with the creation of any Series of Funding Obligations, the Issuer may cause the Indenture Trustee to establish one or more Eligible Deposit Accounts denominated as "**Supplemental Reserve Accounts**" in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors, a Capital Reserve Account or a Finance Reserve Account at such time shall be credited to a Supplemental Reserve Account in accordance with the terms of the any applicable Funding Obligation Agreement and Section 7.04 or 8.13, as applicable. Each Supplemental Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Supplemental Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Supplemental Reserve Account, as applicable, that is an Eligible Deposit Account and shall transfer any funds or other property from such Supplemental Reserve Account to such new Supplemental Reserve Account. From the date each such new Supplemental Reserve Account is established, it shall be a "Supplemental Reserve Account".

(e) All payments to be made from time to time by or on behalf of the Issuer to Specified Creditors out of funds in the Issuer Accounts pursuant to the Program Agreements will be made by the Paying Agent in each case not later than 1:00 p.m., Toronto time, on the applicable Payment Date or earlier, if necessary, or as otherwise provided in the applicable Program Agreement but only to the extent of available funds in the applicable Issuer Accounts or Sub-Accounts.

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in

acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections 7.04 and 7.05. Unless otherwise stated in any applicable Funding Obligation Agreement, for purposes of determining the availability of funds or the balance in the Issuer Accounts for any reason under this Indenture or any Funding Obligation Agreement, investment earnings on such funds, if any, shall be deemed not to be available or on deposit.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and is continuing but no Notes have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series, Class or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series, Class or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Scheduled Final Payment Date, or (iii) the Legal Maturity Date of the Senior Funding Obligations of such Series, Class or

Tranche, except as specified in the Related Funding Obligation Agreement. All Associated Subordinated Funding Obligations of each Series, Class or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series, Class or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Scheduled Final Payment Date, or (iii) the Legal Maturity Date of the Associated Subordinated Funding Obligations of such Series, Class or Tranche, except as specified in the Related Funding Obligation Agreement. All Associated Junior Subordinated Funding Obligations of each Series, Class or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series, Class or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Scheduled Final Payment Date, or (iii) the Legal Maturity Date of the Associated Junior Subordinated Funding Obligations of such Series, Class or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, in respect of the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to (A) the payment of the allocated amount of all taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of Canada or any province or territory thereof; and then to (B) the Indenture Trustee, the Issuer Trustee and the Administrative Agent in respect of the allocated amount of fees, expenses and reimbursements (including, solely in the case of the Administrative Agent,

any indemnified claims under the terms of the Administrative Services Agreement (but excluding tax indemnities) in respect of the allocated amount of any indemnity) owing, up to a maximum aggregate amount (after taking into account any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims under this subsection 7.04(e)(i) or subsection 8.13(a) and without duplication of amounts distributed for such purpose under this subsection 7.04(e)(i) or subsection 8.13(a)) of **[■ percent (■%)]** of the Outstanding Dollar Principal Amount of all Funding Obligations at such time;

(ii) Second, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all amounts payable other than Termination Payments;

(iii) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(iv) Fourth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any other Issuer Account as required by any Related Funding Obligation Agreement, other than Issuer Accounts related solely to Associated Subordinated Funding Obligations or Associated Junior Subordinated Funding Obligations;

(v) Fifth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(vi) Sixth, to the payment of all taxes eligible and not previously paid pursuant to clause (i);

(vii) Seventh, to (A) the Indenture Trustee, the Issuer Trustee and the Administrative Agent, in each case, in respect of the allocated amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) other service providers, in each case, in respect of the allocated amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(viii) Eighth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Associated Subordinated Funding Obligations;

(ix) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Associated Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement;

(x) Tenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account related solely to Associated Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Associated Junior Subordinated Funding Obligations;

(xii) Twelfth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Associated Junior Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement;

(xiii) Thirteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account related solely to Associated Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xiv) Fourteenth, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xv) Fifteenth, to the Issuer Trustee for the account of the beneficiary, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100; and

(xvi) Sixteenth, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in the Other Issuer Accounts

(a) Subject to clause (b) below, if, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date: (i) amounts on deposit in any Issuer Account, other than Issuer Accounts related solely to Associated Subordinated Funding Obligations or Associated Junior Subordinated Funding Obligations, may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (iii); (ii) amounts on deposit in any Issuer Account related solely to Associated Junior Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (ix); and (iii) amounts on deposit in any Issuer Account related solely to Associated Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (xii).

(b) Notwithstanding anything to the contrary contained herein but subject to Section 8.13, amounts on deposit in an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Funding Obligations may only be withdrawn from such Issuer Account for the purpose for which such Issuer Account was established and allocated only to those Specified Creditors for whom such Issuer Account was established.

7.06 Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.07 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES[4]

8.01 Events of Default

"**Event of Default**," wherever used herein, means with respect to any Series of Funding Obligations any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority), unless such event is either expressly stated to be inapplicable to a particular Series of Funding Obligations or specifically deleted or modified in the Related Funding Obligation Agreement:

(a) with respect to such Series of Funding Obligations, a default by the Issuer in the payment of any interest on such Funding Obligations when such interest becomes due and payable, and continuance of such default for a period of **[65]** days following the date on which such interest became due and payable;

(b) with respect to such Series of Funding Obligations, a default by the Issuer in the payment of principal of such Series of Funding Obligations at the applicable Legal Maturity Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 90 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least **[25%]** of the Outstanding Dollar Principal Amount of the affected Series of Funding Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Debtholders of such Series are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of the Funding Obligations of such Series (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Funding Obligations being deemed to be in respect of the Funding Obligations of all Series for this purpose, and continuance of such default or breach for a period of 90 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least **[25%]** of the Outstanding Dollar Principal Amount of the affected Series of Funding Obligations, a written notice

[4] Subject to further review and discussion.

specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Debtholders of such Series are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) a default by the Issuer in the observance or performance of any term, covenant or agreement contained in any Funding Obligation Agreement by which it is bound as a result of which the holders of such Funding Obligations cause or are entitled to cause acceleration of the maturity thereof;

(g) the Provincial Protection and Assurances Agreement ceases to be in full force and effect against the Province and if the Province does not, within **[90]** days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders, acting reasonably, pursuant to an Ordinary Resolution;

(h) the validity of the Provincial Protection and Assurances Agreement or the applicability thereof to the Province or to the Funding Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(i) with respect to such Series of Funding Obligations, any additional event of default specified in a Related Funding Obligation Agreement.

8.02 Acceleration of Maturity; Rescission and Annulment[5]

(a) If an Event of Default described in clause (a), (b), (c), (d), (f) or (g) (if the Event of Default under clause (c) or (d) is with respect to less than all Series of Funding Obligations) of Section 8.01 occurs and is continuing with respect to any Series, then and in each and every such case, unless the principal of all the Funding Obligations of such Series shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of the Funding Obligations of such Series (each such Series acting as a separate Class), by notice in writing to the Issuer (and to the Indenture Trustee if given by the Debtholders), may declare the Outstanding Dollar Principal Amount of all Funding Obligations of such Series and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

[5] To discuss if any additional delay is required between the occurrence of an Event of Default and the right to accelerate.

(b) If an Event of Default described in clause (c) or (d) of Section 8.01 occurs with respect to all Series of Funding Obligations and is continuing or an Event of Default described in clause (g) or (h) occurs and is continuing, then and in each and every such case, unless the principal of all the Funding Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Funding Obligations (treated as one Class), by notice in writing to the Issuer (and to the Indenture Trustee if given by Debtholders), may declare the Outstanding Dollar Principal Amount of all the Funding Obligations and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(c) If an Event of Default described in clause (e) of Section 8.01 occurs and is continuing, then all Series of Funding Obligations will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Funding Obligations.

(d) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Funding Obligations of any Series and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Funding Obligations of such Series, (B) the principal of any Funding Obligations of such Series which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Funding Obligations of such Series, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Funding Obligations of such Series, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default with respect to such Series of Funding Obligations, other than the nonpayment of the principal of the Funding Obligations of such Series which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(e) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(f) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Debtholders may, by Extraordinary Resolution, waive any past default hereunder or under the Related Funding Obligation Agreement with respect to such Series, and its consequences, except a default not theretofore cured in the payment of the principal of or interest on any Funding Obligation of such Series.

Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders of such Series, Class or Tranche, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all Noteholders of Bearer Notes of such Series, Class or Tranche, by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Funding Obligations of any Series, Class or Tranche, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the

withholding of such notice is in the interests of the Debtholders of such Series, Class or Tranche and the other Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(d) and (e), and Section 8.03, if, with respect to any Funding Obligation, such Funding Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Funding Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager, the Administrative Agent or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Collection of Indebtedness and Suits for Enforcement by Indenture Trustee

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Funding Obligations when such interest becomes due and payable and such default continues for a period of **[65]** days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Funding Obligations on the Legal Maturity Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Funding Obligations of the affected Series, the whole amount then due and payable on any such Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further

amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Funding Obligations or the rights of any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Series, Class or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Series, Class or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of any Series of Funding Obligations, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager, Administrative Agent and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement, the then existing Administrative Agent under the Administrative Services Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders of Funding Obligations

Subject to Section 10.02(b), Debtholders of any affected Series of Funding Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to the Funding Obligations of such Series, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default with respect to the Funding Obligations;

(b) the Debtholders, by way of Extraordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholder(s) have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all the Specified Creditors.

8.13 Application of Money Following an Event of Default

Upon the occurrence and during the continuance of an Event of Default, any money or other property standing in each Issuer Account (except as set out in the following paragraph) or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to (A) the payment of the allocated amount of all taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of Canada or any province or territory thereof; and then to (B) the Indenture Trustee, the Issuer Trustee and the Administrative Agent in respect of the allocated amount of fees, expenses and reimbursements (including, solely in the case of the Administrative Agent, any indemnified claims under the terms of the Administrative Services Agreement (but excluding tax indemnities) in respect of the allocated amount of any indemnity) amounts owing, up to a maximum aggregate amount (after taking into account any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims under this subsection 8.13(a) or subsection 7.04(e)(i) and without duplication of amounts distributed for such purpose under this subsection 8.13(a) or subsection 7.04(e)(i)) of **[■ percent (■%)]** of the Outstanding Dollar Principal Amount of all Funding Obligations at such time;

(b) Second, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all amounts payable other than Termination Payments;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(d) Fourth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(e) Fifth, to the payment of all taxes eligible and not previously paid pursuant to clause (a);

(f) Sixth, to (A) the Indenture Trustee, the Issuer Trustee and the Administrative Agent, in each case, in respect of the allocated amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) other service providers, in each case, in respect of the allocated amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(g) Seventh, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Associated Subordinated Funding Obligations;

(h) Eighth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Associated Subordinated Funding Obligations until such amount has been paid in full;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Associated Junior Subordinated Funding Obligations;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Associated Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party; and

(l) Twelfth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Funding Obligations shall first be used to satisfy all obligations owing to those Specified Creditors for whom such Issuer Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Unconditional Right of Noteholders to Receive Principal and Interest

Notwithstanding any other provisions in this Indenture but subject to Section 8.15, any Noteholder will have the right, which is absolute and unconditional, to receive payment of the principal of and interest on such Note on the Legal Maturity Date expressed in the Related Supplemental Indenture and to institute suit for the enforcement of any such payment, and such right will not be impaired without the consent of such Noteholder.

8.15 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Funding Obligation or any other amount payable to any Debtholder will be without recourse to the Indenture Trustee, the Issuer Trustee or any Affiliate, officer, employee, member or director of any of them, and the obligation of the Issuer to pay principal of or interest on any Funding Obligation or any other amount payable to any Debtholder will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or the Administrative Agent or any of their Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Funding Obligations or any other Obligations Secured.

8.16 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned

for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.17 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.18 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.19 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.20 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.21 Disclaimer of Marshalling

In the event that the security hereby constituted shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Funding Obligations of any Series, Class or Tranche, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to Funding Obligations of any Series, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Funding Obligations; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Funding Obligations; the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein and in the Notes, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, any Paying Agent, the Note Registrar, the Administrative Agent, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Paying Agent, Note Registrar, Administrative Agent, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as [Indenture Trustee] is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder who has been a bona fide Debtholder for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested party may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of the Debtholders delivered to the Issuer and the retiring Indenture Trustee, the successor

Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or the Debtholders and accepted in the manner hereinafter provided, any Debtholder who has been a bona fide Debtholder for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XVI and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the Note Registrar shall provide to the Issuer a list of the relevant Registered Noteholders. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and

eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "applicable legislation" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) The Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) The Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) Each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) The Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Issuer's property may at the time be located, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.14 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.14 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to Sections 5.01(f) and 5.03(b).

(b) If **[three]** or more Debtholders of any Series, Class or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than **[three]** such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned a Funding Obligation of such Series, Class or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with other Debtholders of such Series, Class or Tranche or with all Debtholders with respect to their rights under this Indenture or under such Funding

Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of such Series, Class or Tranche or all Funding Obligations, as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each Lender and to each holder of a Registered Note of such Series, Class or Tranche or to all Lenders and/or Registered Noteholders, as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders of such Series, Class or Tranche or all Debtholders, as the case may be, or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account

pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Article XI, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Funding Obligations if at any time it ceases to

meet the standards described in this Article XI required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Series, Class or Tranche, or of all Series of Funding Obligations, as the case may be, shall be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, holding at least **[25%]** of the aggregate Outstanding Dollar Principal Amount of the Funding Obligations of that Series, Class or Tranche, or all Series of Funding Obligations, as the case may be, convene a meeting of the Debtholders of that Series, Class or Tranche, or of all Series of Funding Obligations, as the case may be. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Series, Class or Tranche to which such meeting relates or of all Series of Funding Obligations, as the case may be, and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the

meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XVI and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of the Debtholders of the Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than **[25%]** of the Outstanding Dollar Principal Amount of the Funding Obligations of the Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be Chairman of the meeting. If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the Series, Class or Tranche or of all Series of Funding Obligations, as the case may be. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 Outstanding Dollar Principal Amount of Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 Outstanding Dollar Principal Amount of Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a

poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of that Series, Class or Tranche or of all Series of Funding Obligations, as the case may be. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Outstanding Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a Series, Class or Tranche of Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply to the Series, Class or Tranche or by the Related Supplemental Indenture or to waive any Event of Default and/or cancel any declaration made pursuant to Section 8.02 upon such terms and/or conditions as may be decided;

(ii) sanction, insofar as they apply to the Series, Class or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Funding Obligations of such Series, Class or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Series, Class or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture (including, without limitation, Section 8.02), assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Series, Class or Tranche of Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of all Series Funding Obligations, collectively, shall by Extraordinary Resolution have the power to:

(i) authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) sanction the selling of the Collateral or any part thereof or interest therein;

(iii) authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Series of Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or to waive any Event of Default and/or cancel any declaration made pursuant to Article XI upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders, such of the powers of such Debtholders as are exercisable by Extraordinary

Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral, in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect its Chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Series, Class or Tranche or of all Series of Funding Obligations which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any Series, Class or Tranche or of all Series of Funding Obligations, in cases where no poll is required or requested, a declaration made by the

Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had, or by the Chairman of the next succeeding meeting of Debtholders, shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Funding Obligations of a Series, Class or Tranche, as the case may be, in the case of matters capable of being decided at a meeting of Debtholders by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Funding Obligations of all Series in the case of matters required to be decided at a meeting of Debtholders by Extraordinary Resolution shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to the Debtholders, as applicable, within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each of the Specified Creditors, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, will be binding upon all of the Debtholders of such Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Series, Class or Tranche of Funding Obligations, the provisions of this Article X shall apply as if the Funding Obligations of that Series, Class or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that Series, Class or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of the Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of the Debtholders of any or all Series, Class or Tranche of Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to establish any form of Note, as provided in Article III, and to provide for the issuance of any Series, Class or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Series, Class or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Early Amortization Events or Events of Default in respect of any or all Series, Class or Tranche of Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to designate additional Collateral to the Issuer; or

(j) to provide for additional or alternative forms of Credit Enhancement for any Series, Class or Tranche of Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a Registration Statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have a material adverse effect on the Specified Creditors or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any of the Specified Creditors, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended without the consent of the Indenture Trustee or any of the Specified Creditors, to provide for those changes necessary for compliance

with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendments which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each applicable Rating Agency and the consent of Debtholders of each Series of Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Series of Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of the Debtholders of each Funding Obligation affected thereby:

(a) change the scheduled payment date of any payment of interest on any Funding Obligation, or change an Scheduled Final Payment Date or Legal Maturity Date of any Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Adjusted Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon the occurrence of an Early Amortization Event or other optional or mandatory redemption or upon the acceleration of its Legal Maturity Date;

(d) impair the right to institute suit for the enforcement of any payment on any Funding Obligation;

(e) reduce the percentage in Outstanding Dollar Principal Amount of Funding Obligations of any Series, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(f) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(g) permit the creation of any Lien on the Collateral that is prior to the Security Interest;

(h) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Funding Obligation Agreement;

(i) change the method of computing the amount of principal of, or interest on, any Note on any date; or

(j) make any other amendment not permitted by Section 11.01.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Series of Funding Obligations, or which modifies the rights of the Debtholders of such Series with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Series of Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Series, Class or Tranche of Funding Obligations affected thereby, or all Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Series, Class or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to such issuance of Notes or Borrowing is a Funding Obligation.

(c) The Issuer is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its operations.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer in contravention of any applicable law, rule or regulation of Canada or of any of the provinces or territories of Canada.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements

executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Series, Class or Tranche of Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement. The payment of principal and interest on each Series, Class or Tranche of Funding Obligations will be primarily based on the performance of the Investment Asset and, except for interest rate or currency mismatches, will not be contingent on market or credit events that are independent of the Investment Asset.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the refinancing of any existing Funding Obligations; and (iii) the payment of transaction fees and expenses in connection with the incurrence of Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Series, Classes or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Series, Class or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee, at its principal office, as its Paying Agent in Toronto, Ontario with respect

to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager or the Administrative Agent and any of their respective Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or the Administrative Agent or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager or the Administrative Agent as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager or the Administrative Agent;

(c) conduct all transactions with the Manager or the Administrative Agent strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager or the Administrative Agent on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or the Administrative Agent or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager, the Administrative Agent or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager or the Administrative Agent and ensure that any consolidated financial statements of the Manager or the Administrative Agent that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets;

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager or the Administrative Agent;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager, the Administrative Agent or any Affiliate thereof;

(k) not become liable to any Person for any obligations of the Manager, the Administrative Agent or any Affiliate thereof; and

(l) pay all of its operating expenses from its own property.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust and in the instruments and agreements (including but not limited to, the Master Transfer and Servicing Agreement) relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein. **[If the Issuer is required to distribute net income in accordance with the Declaration of Trust at any time that it is restricted from distributing funds pursuant to any other provision of this Indenture, the Issuer shall distribute such net income by the issuance of additional units to its unitholders in accordance with the Declaration of Trust.]**

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before **[March 31]** of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Authorized Officer's supervision; and

(b) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year, or, if there has been a material default in the fulfillment of any such condition or covenant (without regard to any grace period or requirement of notice), specifying each such default known to such Authorized Officer and the nature and status thereof.

13.11 Monthly Specified Creditor Statement

On each Payment Date, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (with a copy to each Rating Agency), a Monthly Specified Creditor Statement.

13.12 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if such Paying Agent is not the Indenture Trustee).

13.13 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of each Event of Default hereunder and each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement and any default of a Derivative Counterparty.

13.14 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(a) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such Series, Classes or Tranches as of such date, and

(b) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such list shall be required to be furnished. Upon written request from the Indenture Trustee, within **[30]** days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.15 Other Positive Covenants

The Issuer will:

(a) In the event that the Issuer shall be required to file tax returns, the Administrative Agent shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least **[five (5) Business Days]** before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least **[5 days]** prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Administrative Agent with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer, and shall, upon request, execute such returns. In no event shall the Administrative Agent, the Indenture Trustee or the Issuer Trustee be personally liable for any liabilities, costs or expenses of the Issuer or any Noteholder arising under any tax law, including without limitation, federal, state, provincial, territorial or local income or excise taxes or any other tax imposed on or measured by income (or any interest or penalty with respect thereto arising from a failure to comply therewith);

(b) pay or cause to be paid all taxes, government fees and dues levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such taxes, fees or dues if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Administrative Agent, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Administrative Agent, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the relevant, previously existing Program Agreement and will notify the Indenture Trustee and the Rating

Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of Counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) such financial statements, reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer and copies of all Program Agreements (including any amendments thereto) in effect from time to time.

13.16 Rule 144A Information

For so long as any of the Notes of any Series, Class or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Series, Class or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.17 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.18 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.19 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of the other party to any of the Program Agreements (other than this Indenture and the Declaration of Trust) if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or

interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied;

(ii) consent, if consent is required, to the resignation of (i) the Administrative Agent under the Administrative Services Agreement; or (ii) the Manager under the Management Agreement unless the Rating Agency Condition is satisfied;

(b) Subject to the provisions of the Declaration of Trust, without the consent of Debtholders or the Indenture Trustee, the Issuer Trustee may amend the Declaration of Trust so long as such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future. Subject to the provisions of the Declaration of Trust, with the consent of Debtholders affected by such amendment, by Ordinary Resolution delivered to the Indenture Trustee, the Issuer Trustee may amend the Declaration of Trust for the purpose of adding, changing or eliminating any provisions of the Declaration of Trust or of modifying the rights of those Debtholders.

13.20 Issuer May Consolidate, Etc., Only on Certain Terms

(a) The Issuer shall not consolidate or merge with or into any other Person, unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall (A) be a Financing Entity, (B) be organized and existing under the laws of Canada or any province or territory thereof, (C) not be subject to regulation as an "investment company" under the Investment Company Act, and (D) expressly assume, pursuant to an assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed;

(ii) immediately after giving effect to such transaction, no Event of Default or Early Amortization Event shall have occurred and be continuing;

(iii) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such consolidation or merger and the agreements delivered in connection therewith comply with this Section 13.20, (ii) all conditions precedent in this Section 13.20 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such consolidation or merger is duly authorized, executed and delivered and is valid, binding and enforceable against such Person;

(iv) the Rating Agency Condition shall have been satisfied with respect to such consolidation or merger;

(v) any action that is necessary to maintain the Security Interest shall have been taken; and

(vi) such Person is not a Non-resident.

(b) The Issuer shall not convey or transfer any of its properties or assets, including those included in the Collateral, substantially as an entirety to any Person, unless:

(i) the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is hereby restricted shall (A) be a Financing Entity, (B) be organized and existing under the laws of Canada or any province or territory thereof, (C) expressly assume, pursuant to an assignment and assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured and the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, (D) expressly agree, by means of such assignment and assumption agreement or supplement, that all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, (E) expressly agree, by means of such assignment and assumption agreement or supplement, that such Person (or if a group of Persons, then one specified Person) shall make all filings with the Commission (and any other appropriate Person) required by the Securities Exchange Act in connection with the Notes, and (F) not be subject to regulation as an "investment company" under the Investment Company Act;

(ii) immediately after giving effect to such transaction, no Event of Default or Early Amortization Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such conveyance or transfer;

(iv) any action that is necessary to maintain the Security Interest shall have been taken; and

(v) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that such conveyance or transfer and such assignment and assumption agreement or supplement complies with this Section 13.20 and that all conditions precedent herein provided for relating to such transaction have been complied with.

13.21 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.20, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every

right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.21 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer, provided that the Issuer shall not be released from any obligations or liabilities to the Indenture Trustee or the Debtholders arising prior to such effectiveness.

13.22 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.23 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.24 Restricted Payments

The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security, or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, (x) distributions as contemplated by, and to the extent funds are available for such purpose under, the Declaration of Trust, the Management Agreement or the Administrative Services Agreement, in each case, subject to Sections 7.04, 8.13 and 13.07, (y) payments to the Indenture Trustee pursuant to Sections 9.05 and 13.27, and (z) non-cash distributions of taxable income to its beneficiaries in accordance with Section 13.07. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with this Indenture.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.26 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts withheld in good faith from such payments under the Income Tax Act or other applicable tax law including foreign withholding);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to the Funding Obligations except as may be expressly permitted hereby;

(c) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.27 Indenture Trustee May Perform Covenants.

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation so to do; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
EARLY AMORTIZATION OF FUNDING OBLIGATIONS

14.01 Applicability of Article

Unless otherwise specified in the Related Funding Obligation Agreement, the Issuer will redeem and pay, provided that funds are available and subject to the allocation provisions of Section 7.04 and, with respect to Associated Subordinated Funding Obligations or Associated Junior Subordinated Funding Obligations, the subordination provisions of Article VI or the Senior Funding Obligations of that Series, each affected Series, Class or Tranche of Funding Obligations upon the occurrence of any Early Amortization Event. Unless otherwise specified in the Related Funding Obligation Agreement, the following are "**Early Amortization Events**":

(a) with respect to any Series, Class or Tranche of Notes, the occurrence of the Scheduled Final Payment Date of such Series, Class or Tranche of Notes;

(b) the Issuer becomes an "investment company" within the meaning of the Investment Company Act;

(c) the occurrence of an Insolvency Event relating to the Servicer or the Manager; or

(d) with respect to any Series, Class or Tranche of Funding Obligations, any additional Early Amortization Event specified in the Related Funding Obligation Agreement as applying to such Series, Class or Tranche of Funding Obligations;

provided that in the case of any event described in subparagraphs (b) and (c), an Early Amortization Event shall occur with respect to each Series, Class or Tranche of Funding Obligations without any notice or other action on the part of the Indenture Trustee or the Debtholders immediately upon the occurrence of such event. In the case of any event described in subparagraphs (a) and (d) (unless otherwise specified in the Related Funding Obligation Agreement), an Early Amortization Event shall occur with respect to the applicable Series, Class or Tranche without any notice or other action on the part of the Indenture Trustee or the applicable Debtholders immediately upon the occurrence of such event.

The repayment price of a Series, Class or Tranche of Funding Obligations so redeemed will equal the Outstanding Currency Specific Dollar Principal Amount (in the case of Notes that are Foreign Currency Notes) or the Outstanding Dollar Principal Amount (in the case of Funding Obligations that are not Foreign Currency Notes) of such Series, Class or Tranche, plus accrued, past due and additional interest to but excluding the date of repayment, the payment of which will be subject to Article VI, Article VII and Article VIII, if applicable, and the Related Funding Obligation Agreement.

If the Issuer is unable to pay the repayment price in full on the Payment Date following the end of the Monthly Period in which the Early Amortization Event occurs, monthly payments on such Series, Class or Tranche of Funding Obligations will thereafter be made on each following Payment Date until the principal amount of such Series, Class or Tranche, plus all accrued, past due and additional interest, is paid in full or the Legal Maturity Date occurs, whichever is earlier, subject to Article VI, Article VII and Article VIII, if applicable, and the Related Funding

Obligation Agreement. Any funds in any Issuer Account for a repaid Series, Class or Tranche will be applied to make the principal and interest payments on that Series, Class or Tranche on the repayment date, subject to Article VI, Article VII and Article VIII, if applicable, and the Related Funding Obligation Agreement.

14.02 Notice

Promptly after the occurrence of any Early Amortization Event, the Issuer will notify the Indenture Trustee and the Rating Agencies in writing of the identity, Outstanding Dollar Principal Amount and Outstanding Currency Specific Dollar Principal Amount of the affected Series, Class or Tranche of Funding Obligations to be redeemed. Notice of redemption will promptly be given as provided in Article XVI. All notices of redemption will state (a) the date on which the redemption of the applicable Series, Class or Tranche of Funding Obligations pursuant to this Article XIV will begin, which will be the Payment Date next following the end of the Monthly Period in which the applicable Early Amortization Event occurs, (b) the repayment price for such Series, Class or Tranche of Funding Obligations, and (c) the Series, Class or Tranche of Funding Obligations to be redeemed pursuant to this Article XIV.

ARTICLE XV
MANAGEMENT AGREEMENT, ADMINISTRATIVE SERVICES AGREEMENT, LIQUIDITY AGREEMENTS AND CREDIT ENHANCEMENT AGREEMENTS

15.01 Management Agreement and Administrative Services Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement and the Administrative Services Agreement which provide, among other things, for the provision of certain services and the performance by the Manager and Administrative Agent, respectively, of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager or the Administrative Agent on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager or the Administrative Agent on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

15.02 Liquidity Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Liquidity Agreements which may either provide certain liquidity facilities to the Issuer or permit the Issuer to require the purchase of certain Notes by the Lender(s) thereunder. A Lender under a Liquidity Agreement is only obligated to advance funds to or purchase Notes from the Issuer in the event that all conditions precedent to such advance or purchase, as provided in this Indenture and its respective Liquidity Agreement, are met.

15.03 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Funding Obligations and repaying Borrowings under the Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XVI
NOTICES

16.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 16.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

[Issuer]
c/o Ontario Power Generation Inc.
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

[Issuer Trustee], in its capacity as Issuer Trustee for [Issuer]
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

16.02 Notice to the Indenture Trustee

Any notice, document or other communication require or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 16.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

[Indenture Trustee]
[Address]
Attention: [■]
Fax: [■]

16.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Series, Class or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to

any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series, Class or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series, Class or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

16.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement or Loan Agreement; (ii) a Credit Enhancer will be given in accordance with the relevant Credit Enhancement Agreement; (iii) the Administrative Agent will be given in accordance with the Administrative Services Agreement; (iv) the Manager will be given in accordance with the Management Agreement; (v) a counterparty to an Underwriting Agreement, Agency Agreement or Note Purchase Agreement will be given in accordance with the relevant Underwriting Agreement, Agency Agreement or Note Purchase Agreement; (vi) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (vii) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

16.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

16.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

ARTICLE XVII
MISCELLANEOUS

17.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

17.02 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 17.02.

17.03 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

17.04 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any Series, Class or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Series, Class or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Series, Class or Tranche specifying (i) the date upon which final payment of such Series, Class or Tranche will be made upon presentation and surrender of Notes of such Series, Class or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such payment date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States and Canada). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Series, Class or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Issuer Account allocated to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Issuer Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

17.05 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

17.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

[ISSUER], as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

[INDENTURE TRUSTEE], as Indenture Trustee and not in its individual capacity

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Accumulation Period**" has the meaning specified in the applicable Supplemental Indenture.

"**Act**" means *Ontario Fair Hydro Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adjusted Outstanding Dollar Principal Amount**" means, at any time with respect to any Series, Class or Tranche of Notes, the Outstanding Dollar Principal Amount of all Outstanding Notes of such Series, Class or Tranche at such time, less any funds on deposit in any Issuer Account or the related Sub-Account, as applicable, for the benefit of such Series, Class or Tranche at such time.

"**Administrative Agent**" means OPG, in its capacity as administrative agent of the Issuer under the Administrative Services Agreement.

["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Issuer and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Issuer.][6]

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Early Amortization Event or Event of Default, (b) materially adversely affect the amount or timing of payments to be made to the Specified Creditors pursuant to this Indenture or any Program Agreement, or (c) adversely affect the Security Interest unless otherwise permitted by this Indenture.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Amortization Period**" has the meaning specified in the applicable Supplemental Indenture.

"**Associated Junior Subordinated Funding Obligations**" means, with respect to Senior Funding Obligations of a particular Series, a Class of such Series issued in connection with such Senior

[6] To be confirmed if required.

Funding Obligations and subordinated to such Senior Funding Obligations and any related Associated Subordinated Funding Obligations.

"**Associated Subordinated Funding Obligations**" means, with respect to Senior Funding Obligations of a particular Series, a Class of such Series issued in connection with such Senior Funding Obligations and subordinated to such Senior Funding Obligations.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Series, Class or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, any Finance Reserve Account and any Capital Reserve Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; and (b) the Funding Rebates paid to the Issuer in accordance with Section **[3.4]** of the Master Transfer and Servicing Agreement.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement or a Loan Agreement.

"**Business Day**" means (a) any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed, or (b) for purposes of any particular Series, Class or Tranche of Notes, any other day specified in the applicable Supplemental Indenture.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes of any Tranche issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Capital Reserve Account**" has the meaning specified in subsection 7.02(b).

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Class**" means, with respect to any Funding Obligation, the class specified in the Related Funding Obligation Agreement.

"**Closing Date**", with respect to any Series of Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at [■]; Telephone: [■]; Facsimile: [■], or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Issuer was established.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Funding Obligations.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an Early Amortization Event or other optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Scheduled Final Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Early Amortization Event**" has the meaning specified in Section 14.01.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of

the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer's Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer's Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable

on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Series, Class or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" mean, in respect of all Series of Funding Obligations, a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Series of Funding Obligations represented and voting at a meeting of all Debtholders duly convened and held in accordance with the provisions of this Indenture, or an instrument or instruments in writing signed in one or more counterparts by Debtholders holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Series of Funding Obligations.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Indenture.

"**Finance Reserve Account**" has the meaning specified in subsection 7.02(c).

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement or any Loan Agreement.

"**Funding Obligations**" has the meaning ascribed to the term "funding obligations" in the Act as of the date of this Indenture.

"**Funding Rebate**" has the meaning ascribed thereto in Section **[3.4(b)]** of the Master Transfer and Servicing Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998,* SO, 1998.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Class or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Series, Class or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Series, Class or Tranche plus the aggregate initial principal amount of any additional Notes of such Series, Class or Tranche, and (b) with respect to a Series, Class or Tranche of Discount Notes or that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Collection Account, all Finance Reserve Accounts, all Capital Reserve Accounts and all Supplemental Reserve Accounts, including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series, Class or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Legal Maturity Date**" means, with respect to any Series of Funding Obligations, the date specified in the Related Funding Obligation Agreement as the fixed date on which all of the principal of such Series of Funding Obligations is due and payable.

"**Lender**" means any Person providing credit facilities or note purchase facilities under a Liquidity Agreement or Loan Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section **[3.3(e)]** of the Master Transfer and Servicing Agreement.

"**Monthly Specified Creditor Statement**" means, with respect to any Series of Funding Obligations, a report, the form of which is attached as an exhibit to the Related Funding Obligation Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Series, Class or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement.

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party

receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Class or Tranche of Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Class or Tranche at such time, less the amount of any withdrawals from any Issuer Account or Sub-Account for such Class or Tranche of Notes for payment of principal to the holders of such Class or Tranche of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Class or Tranche of Notes due to the issuance of additional Notes of such Class or Tranche pursuant to Article V.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Series, Class or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Series, Class or Tranche at such time, less the amount of any withdrawals from any Issuer Account or Sub-Account for such Series, Class or Tranche of Notes for payment of principal to the holders of such Series, Class or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series, Class or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series, Class or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series, Class or Tranche or the applicable Derivative Counterparty and accretions of principal, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Series, Class or Tranche of Notes due to the issuance of additional Notes of such Series, Class or Tranche pursuant to Article V; and

(b) in respect of other Funding Obligations, the aggregate principal amount of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means, with respect to any Series of Funding Obligations, the **[fifteenth]** day of each calendar month or the date otherwise specified in the Related Funding Obligation Agreement.

"**Payment Instruction**" means, with respect to any Series of Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 2.

"**Permanent Global Note**" has the meaning specified in Section 3.05(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Series, Class or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Series, Class or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Administrative Services Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the Provincial Protection and Assurances Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

[Provincial Protection and Assurances Agreement] means [■].[7]

"**Rating Agency**" means, with respect to any Outstanding Series, Class or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series, Class or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any Outstanding Notes immediately before the taking of such action, or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

[7] To confirm if Agreement will be in favour of the Indenture Trustee or in favour of the Issuer and assigned by way of security to the Indenture Trustee.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Agency Agreement": the Agency Agreement relating to the sale and distribution of such Funding Obligations constituting Notes;

(b) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Funding Obligations;

(c) "Derivative Agreement": a Derivative Agreement relating to any such Funding Obligations;

(d) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Funding Obligations;

(e) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Class or Tranche of such Funding Obligations constituting Notes;

(f) "Loan Agreement": a Loan Agreement in respect of Funding Obligations constituting Borrowings;

(g) "Program Agreements": this Indenture, each Related Supplemental Indenture, the Master Transfer and Servicing Agreement, the applicable Transfer Notices, the Co-Owner Agreement, if any, the Provincial Support Guarantee, such Notes, any Related Derivative Agreement, Related Credit Enhancement Agreement, Related Liquidity Agreement, Related Loan Agreement, Related Underwriting Agreement, Related Agency Agreement or Related Note Purchase Agreement and all other documents and certificates delivered in connection with such Notes;

(h) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Funding Obligations constituting Notes; and

(i) "Underwriting Agreement": an Underwriting Agreement in respect of such Funding Obligations constituting Notes.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; (c) a Successor Servicer, any authorized director or officer of the Successor Servicer; and (d) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Scheduled Final Payment Date**" has, with respect to any Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" has, with respect to any Series of Borrowings, the meaning specified in the Related Loan Agreement or Related Liquidity Agreement.

"**Senior Funding Obligations**" means the Senior Notes and Senior Borrowings, as applicable.

"**Senior Notes**" has, with respect to a Class of Notes of any Series, the meaning specified in the Related Supplemental Indenture.

"**Series**" means, with respect to any Funding Obligation, the Series specified in the Related Funding Obligation Agreement.

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Administrative Agent, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency

Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture or Terms Document.

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Successor Servicer**" means ■.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Classes and Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Supplemental Reserve Account**" means the trust account or accounts designated as such and established pursuant to subsection 7.02(d).

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Terms Document**" means, with respect to any Class or Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Class of Notes, Notes of such Class which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes of any Tranche issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

EXHIBIT 1
[FORM OF] INVESTMENT LETTER [DATE]

[Indenture Trustee],
as Indenture Trustee,
[Address]
Attention: [■]

[Issuer]
c/o [Issuer Trustee][Ontario Power Generation Inc.]
[Address]
Attention: [■]

Re: Purchase of $[____][1] principal amount of [Issuer], Series [_], Class [_] Notes

Ladies and Gentlemen:

In connection with our purchase of the above Notes (the "**Notes**") we confirm that

1. We understand that the Notes are not being registered under the Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and are being sold to us in a transaction that is exempt from the registration requirements of the U.S. Securities Act.

2. Any information we desire concerning the Notes or any other matter relevant to our decision to purchase the Notes is or has been made available to us.

3. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Notes, and we (and any account for which we are purchasing under paragraph 4 below) are able to bear the economic risk of an investment in the Notes. We (and any account for which we are purchasing under paragraph 4 below) are an "accredited investor" (as such term is defined in Rule 501(a)(1), (2) or (3) of Regulation D under the U.S. Securities Act).

4. We are acquiring the Notes for our own account or for accounts as to which we exercise sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of our property shall at all times be and remain within our control.

5. We agree that the Notes must be held indefinitely by us unless subsequently registered under the U.S. Securities Act or an exemption from any registration requirements of the U.S. Securities Act and any applicable state securities law is available.

[1] Not less than $100,000 minimum principal amount.

6. We agree that in the event that at some future time we wish to dispose of or exchange any of the Notes (such disposition or exchange not being currently foreseen or contemplated), we will not transfer or exchange any of the Notes unless:

   (a) (i) the sale is of at least U.S. $250,000 principal amount of Notes to an Eligible Purchaser (as defined below), (ii) a letter to substantially the same effect as paragraphs 1, 2, 3, 4, 5 and 6 of this letter is executed promptly by the purchaser and (iii) all offers or solicitations in connection with the sale, whether directly or through any agent acting on our behalf, are limited only to Eligible Purchasers and are not made by means of any form of general solicitation or general advertising whatsoever; or

   (b) the Notes are transferred pursuant to Rule 144 under the U.S. Securities Act by us after we have held them for more than two years; or

   (c) the Notes are sold in any other transaction that does not require registration under the U.S. Securities Act and, if the Issuer, the Servicer, the Trustee or the Note Registrar so requests, we theretofore have furnished to such party an opinion of counsel satisfactory to such party, in form and substance satisfactory to such party, to such effect; or

   (d) the Notes are transferred pursuant to an exception from the registration requirements of the U.S. Securities Act under Rule 144A under the U.S. Securities Act; and

7. We understand that the Notes will bear a legend to substantially the following effect and any other legends required by the applicable Supplemental Indenture:

   "THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

   BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTES EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER

OF SUCH NOTES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

EACH PURCHASER WILL BE DEEMED TO REPRESENT, COVENANT AND AGREE, FOR THE BENEFIT OF THE TRUST, THE INDENTURE TRUSTEE, THE ISSUER TRUSTEE, THE SERVICER, THE INITIAL PURCHASERS AND THE SELLER, THAT EITHER (A) IT IS NOT ACQUIRING THIS NOTE (OR INTEREST HEREIN) WITH THE ASSETS OF A BENEFIT PLAN (AS DEFINED BELOW) OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WILL NOT RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR A NONEXEMPT VIOLATION OF ANY APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"). FOR THESE PURPOSES, A "BENEFIT PLAN" INCLUDES (1) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) WHICH IS SUBJECT TO TITLE I OF ERISA, (2) A "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE CODE), WHICH IS SUBJECT TO SECTION 4975 OF THE CODE, (3) ANY ENTITY DEEMED TO HOLD "PLAN ASSETS" OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY, OR (4) ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO SIMILAR LAW."

This legend and any other legends required by the applicable Supplemental Indenture may be removed if the Issuer, the Indenture Trustee and the Note Registrar have received an opinion of counsel, in form and substance satisfactory to them, to the effect that the legend may be removed.

"**Eligible Purchaser**" means either an Eligible Dealer or a corporation, partnership or other entity which we have reasonable grounds to believe and do believe can make representations with respect to itself to substantially the same effect as the representations set forth herein.

"**Eligible Dealer**" means any corporation or other entity the principal business of which is acting as a broker and/or dealer in securities.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Trust Indenture, dated as of [■], 2017, between [Issuer] and [Indenture Trustee], as indenture trustee.

Very truly yours,

(Name of Purchaser)

By: _____
(Authorized Officer)

EXHIBIT 2
FORM OF PAYMENT INSTRUCTIONS

See Attached.

PRIVATE AND CONFIDENTIAL
TORYS DRAFT: August 23, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Acknowledged and Accepted by

■
as Indenture Trustee

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2

1.1 Definitions 2

1.2 Sections and Headings 8

1.3 Extended Meanings 8

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET 9

2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset 9

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 11

ARTICLE 3 ROLE OF THE SERVICER 13

3.1 Designation of Servicer 13

3.2 Duties of Servicer Generally 13

3.3 Remittances 14

3.4 [Funding Rebates] 15

3.5 Reporting Functions 16

3.6 Servicing and Maintenance Standards 16

3.7 Binding Effect of Servicing Obligations 16

3.8 Limitation on Liability of Servicer and Others 17

3.9 The IESO Not to Resign as Servicer 18

3.10 Appointments 18

3.11 Effective Period and Termination 19

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO 19

4.1 Representations and Warranties 19

4.2 Survival 21

4.3 Limitations on Representations and Warranties 22

ARTICLE 5 COVENANTS OF THE IESO 22

5.1 Existence 22

5.2 No Liens 22

5.3 Notice of Liens 22

5.4 Compliance with Law 22

TABLE OF CONTENTS
(continued)

Page

5.5 Covenants Related to the Investment Interest 23
5.6 Non-petition Covenants 23
5.7 Disclosure 24
5.8 Further Assurances 24
5.9 Co-Owner Agreements 24
5.10 Access to Certain Records and Information Regarding Investment Interest 24
5.11 Maintenance of Operations 24
ARTICLE 6 IESO INDEMNITIES 25
6.1 Liability of the IESO; Indemnities 25
ARTICLE 7 SERVICER DEFAULT 27
7.1 Servicer Default 27
7.2 Appointment of Successor Servicer 28
7.3 Waiver of Past Defaults 29
7.4 Notice of Servicer Default 29
7.5 Cooperation with Successor Servicer 29
ARTICLE 8 MISCELLANEOUS 30
8.1 Amendment 30
8.2 Notices 30
8.3 Assignment 31
8.4 Limitations on Rights of Third Parties 31
8.5 Severability 31
8.6 Separate Counterparts; Electronic Delivery 31
8.7 Governing Law 32
8.8 Assignment to Indenture Trustee 32
8.9 Limitation of Liability of Indenture Trustee 32
8.10 Limitation of Liability of the Issuer Trustee 32
8.11 Waivers 33
8.12 Indenture Trustee Actions 33
8.13 Issuer Trustee 34

TABLE OF CONTENTS
(continued)

Page

EXHIBIT

Exhibit A	–	Form of Transfer Notice
Exhibit B	–	Form of Monthly Report
Exhibit C	–	Form of Monthly Funding Rebate Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

- acknowledged and accepted by -

[INDENTURE TRUSTEE], a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer a specified portion of the Regulatory Asset to the Issuer on a fully-serviced basis and such Transfer shall result in (i) a reduction in the balance in the Fair Hydro Variance Account, (ii) the corresponding adjustment of the Regulatory Asset, and (iii) the acquisition by the Issuer of an Investment Interest corresponding to the specified portion of the Regulatory Asset;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer desires to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Administrative Agent**" means OPG, in its capacity as administrative agent of the Issuer;

"**Administrative Services Agreement**" means the administrative services agreement dated ■, 2017 between the Administrative Agent and the Issuer concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Issuer;

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" has the meaning ascribed thereto in Section **[8.02(a)]**[1] of the Indenture;

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at ■; Telephone: ■; Email: ■, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice;

"**Daily Remittance Event**" means ■ **[NTD: Definition to be tied to the loss of investment grade ratings of the IESO]**;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Act**" means the *Electricity Act, 1998*, SO, 1998;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

1 All cross-references to the Indenture to be conformed to the final version of the Indenture.

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to subsection 24(1) of the Act;

"**Finance Reserve Deposit**" has the meaning ascribed to the term "finance reserve deposit" in the Regulations;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Entity Expenses**" has the meaning ascribed to the term "financing entity expense" in the Regulations;

"**Funding Cost**" has the meaning ascribed to the term "funding cost" in the Regulations;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

["**Funding Rebate**" has the meaning ascribed thereto in Section 3.4(b);]**[NTD: Terminology and provisions relating to IESO payment of carrying costs during the moratorium period subject to finalization of regulations creating this obligation.]**

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the Electricity Act;

"**IESO Deferral**", at any time, means the amount determined by the IESO under subsection 23(1) of the Act and sections 15 and 16 of the Regulations and recorded by the IESO under subsection 24(1) of the Act in the Fair Hydro Variance Account at such time;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" means the account established under Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Funding Expenses**" has the meaning ascribed thereto in Section 3.4(a);

"**Monthly Funding Rebate Statement**" has the meaning ascribed thereto in Section 3.4(a);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.3(e);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture, and delivered to the Indenture Trustee;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Outstanding Amount**" means the aggregate principal amount of all Funding Obligations outstanding at the date of determination;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" means the Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Administrative Services Agreement, this Agreement, each Transfer Notice, any Co-Owner Agreements, the Provincial Protection and Assurances Agreement and any hedging agreements, credit enhancement agreements, loan agreements and underwriting or agency agreements in effect at such time and all other documents and certificates delivered in connection therewith;

"**Provincial Protection and Assurances Agreement**" means the Provincial Protection and Assurances Agreement dated as of ■, 2017 between **[Her Majesty the Queen in Right of Ontario, as represented by the Minister, the Indenture Trustee and the Issuer][NTD: Subject to finalization of agreement]**;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(a);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Released Parties**" has the meaning ascribed thereto in Section 6.1(e);

"**Remittance Date**" means, in respect of each Billing Period, the **[3rd]**[2] Servicer Business Day following the last day of each Billing Period;

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; (c) a Successor Servicer, any authorized director or officer of the Successor Servicer; and (d) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject);

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

2 Based on the monthly payment cycle charts prepared by OPG.

"**Servicer Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business;

"**Servicer CEA Collections**" has the meaning ascribed thereto in Section 3.2(a)(ii);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Tax Liability**" has the meaning ascribed to the term "tax liability" in the Regulations;

"**Tax Refund**" has the meaning ascribed to the term "tax refund" in the Regulations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(a) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings[3]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration

3 Torys to conform boilerplate provisions, as applicable, across all transaction documents.

means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset

(a) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of each calendar month, provide to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the specified portion of the Regulatory Asset that the Transferor desires to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of the specified portion of the Regulatory Asset that the Transferor proposes to Transfer to the Issuer, (iii) the Closing Date to effect such transfer which shall be the 10th Business Day following delivery of the Transfer Notice, or such other date as may be agreed upon by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(b) **[The Issuer shall use commercially reasonable efforts to provide reasonable notice to the Transferor if the Issuer has reasonable cause to believe that it will not accept a Transfer Notice sent by the Transferor or that the conditions precedent in Sections 2.2(b)(i), (v), (vi), (vii), (viii) and (vii) will not be satisfied on the relevant Closing Date.][NTD: Subject to review by OPG.]**

(c) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the portion of the Regulatory Asset subject to the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the specified portion of the Regulatory Asset and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(d) In consideration and as an inducement for the Issuer to acquire the Investment Interest at the Purchase Price, the Transferor shall, concurrently with each such Transfer and in accordance with Section 3.4, agree to pay to the Issuer all Monthly Funding Expenses that are incurred by or on behalf of the Issuer in connection with each applicable Transfer in respect of each calendar month in which there are no Clean Energy Adjustments billed to Specified Consumers.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e):

(i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price and, as a consequence, the Regulatory Asset shall be adjusted accordingly; and

(ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any adverse claim, and in accordance with section 27(1) of the Act, shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Issuer.

(g) Any Transfer of a specified portion of the Regulatory Asset by the Transferor pursuant to this Agreement shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Issuer, shall be treated as a true sale and not as a pledge of or secured transaction relating to the Transferor's right, title, and interest in, to, and under the specified portion of the Regulatory Asset. After giving effect to a Transfer contemplated hereby, the Transferor shall have no right, title or interest in, to or under the corresponding Investment Interest because (i) it has Transferred all of its right, title and interest in and to the corresponding specified portion of the Regulatory Asset

to the Issuer, (ii) as provided in the Act, all right, title and interest to the corresponding Investment Interest shall be vested in the Issuer, (iii) as provided in the Act, such Transfer is perfected, vested, valid and binding as against the Transferor and all other Persons who may have claims of any kind against the Transferor, regardless of whether the Persons who have claims have received notice of the Transfer, and (iv) the property rights and interests acquired by the Issuer shall be free and clear of any Liens arising through the IESO.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a specified portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer and the Indenture Trustee, of the following condition:

(i) the Issuer and the Indenture Trustee shall have received from the Transferor the following documents, in form and substance satisfactory to each of the Issuer and the Indenture Trustee:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the Program Agreements to which the IESO is party, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers executing this Agreement or any of the Program Agreements to which the IESO is party; and

(B) reports showing the results of searches conducted against the IESO under applicable personal property security registers in the Province of Ontario together with executed copies of all discharges or releases of prior security interests relating to the Regulatory Asset subject to the Transfer; provided that the IESO may establish that any particular registration does not affect the Regulatory Asset by delivering a letter or acknowledgment signed by the applicable secured party.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a specified portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer and the Indenture Trustee of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and the Indenture Trustee and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not insolvent and will not have been made insolvent by such Transfer and the Transferor is not aware of any pending insolvency with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and not been waived, and (C) no Servicer Default shall have occurred and not been waived;

(iv) on or prior to the applicable Closing Date, the Transferor shall have taken all action required to provide for the Transfer, upon payment of the Purchase Price, of the specified portion of the Regulatory Asset as set forth in the applicable Transfer Notice on the Closing Date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Program Agreements;

(v) the Transferor shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(i), (ii), (iii) and (iv);

(vi) the Transferor shall have delivered to the Indenture Trustee, the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**;

(vii) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(viii) after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a specified portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be fully serviced by the Servicer, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled to receive any further compensation from the Issuer or the Indenture Trustee for its services in connection therewith. The Servicer acknowledges the responsibility of the Servicer for servicing the related Issuer Investment Interest corresponding to the specified portion of the Regulatory Asset Transferred by the Transferor under this Agreement and hereby agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Duties of Servicer Generally

(a) The Servicer shall:

(i) issue settlement statements to Electricity Vendors that include amounts in respect of the Clean Energy Adjustment as prescribed by the Act and the Regulations;

(ii) receive from Electricity Vendors amounts in respect of Electricity Vendor CEA Collections including payments made directly to the IESO as an Electricity Vendor (such amounts received being "**Servicer CEA Collections**");

(iii) hold and remit Servicer CEA Collections in accordance with Section 3.3;

(iv) receive information from Electricity Vendors in respect of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections and such other information as the IESO may reasonably request for the purposes of determining the IESO Deferral or such further information as may be required;

(v) determine and record the IESO Deferral for each month and make any necessary corrections thereto in accordance with the Act and the Regulations;

(vi) forecast electricity demand by Specified Consumers for Reference Periods;

(vii) provide information to the Board in respect of forecast electricity demand or any other information the Board may require from the Servicer to facilitate the Board's determination of the rates at which Specified Consumers are to be invoiced so as to enable full recovery of the Clean Energy Adjustment in respect of any Reference Period;

(viii) respond to inquiries by Electricity Vendors, the Board or any other Governmental Authority with respect to the Clean Energy Adjustment;

(ix) investigate and handle delinquencies by Electricity Vendors regarding Servicer CEA Collections (and furnish reports with respect to such delinquencies to the Issuer);

(x) process and deposit Servicer CEA Collections and make periodic remittances to the Issuer in accordance with Section 3.3;

(xi) furnish periodic and current reports to the Issuer, the Board, the Indenture Trustee and the Rating Agencies, as may reasonably be required by the Issuer;

(xii) take all necessary action in connection with Funding Rebates as set forth herein and in the Regulations; and

(xiii) perform such other duties as may be reasonably required from time to time to be performed by it.

(b) Without limiting the generality of Section 3.2(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, consumption and settlement statement calculation, settlement, collections, posting, payment processing and remittance with reasonable care and in material compliance with each applicable Requirement of Law, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others.

(c) Notwithstanding anything to the contrary in this Agreement, the duties of the Servicer set forth in this Agreement shall be qualified and limited in their entirety by the Act, the Regulations, all applicable laws and the rules and regulations promulgated thereunder as in effect at the time such duties are to be performed.

3.3 Remittances

(a) The Servicer shall establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the owners of Investment Interests. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account.

(b) The Servicer shall deposit all Servicer CEA Collections into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Servicer Business Days of receipt by the Servicer and such Servicer CEA

Collections shall remain in the IESO Segregated Account until remitted in accordance with Section 3.3(d).

(c) The IESO agrees and acknowledges that it holds all Servicer CEA Collections and any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer, any other owner of Investment Interests, the Indenture Trustee and the Specified Creditors and that all such amounts will be remitted by the Servicer in accordance with this Section 3.3 without any surcharge, fee, offset, charge or other deduction. The IESO further agrees not to make any claim to reduce its obligation to remit all Servicer CEA Collections received by it in accordance with this Agreement.

(d) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Collections received by the Servicer during a Billing Period and any interest earned thereon shall be remitted by the Servicer to the Collection Account no later than the Remittance Date immediately following such Billing Period. Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Collections on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on each Servicer Business Day.

(e) On or before the **[2nd]** Servicer Business Day following the end of each Billing Period, the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit B (a "**Monthly Report**").

3.4 [Funding Rebates]

[NTD: Terminology and provisions relating to IESO payment of carrying costs during the moratorium period subject to finalization of regulations creating this obligation.]

(a) On or before the **[4th]** Servicer Business Day following the end of each calendar month in which no Clean Energy Adjustment is billed to Specified Consumers, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Funding Rebate Statement**") setting out the aggregate amount of all (i) Funding Costs, (ii) Finance Reserve Deposits, (iii) Financing Entity Expenses, and (iv) Tax Liabilities (net of Tax Refunds), that were incurred by or on behalf of the Issuer during the previous calendar month ("**Monthly Funding Expenses**").

(b) On or before the **[10th]** Servicer Business Day following receipt by the IESO of the Monthly Funding Rebate Statement, the IESO shall, as required by the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Funding Expenses set forth in the applicable Monthly Funding Rebate Statement (the "**Funding Rebate**").

3.5 Reporting Functions

(a) Notification of Laws and Regulations. The Servicer shall promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement.

(b) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, the Servicer shall provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Investment Interest or the Regulatory Asset to the extent it is reasonably available to the Servicer, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer of its duties and obligations hereunder. In addition, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Clean Energy Adjustment.

3.6 Servicing and Maintenance Standards

The Servicer shall monitor payments and impose collection policies on Electricity Vendors with respect to Electricity Vendor CEA Collections. On behalf of the Issuer, the Servicer shall: (a) manage, service, administer, collect and receive Servicer CEA Collections with reasonable care and in material compliance with each applicable Requirement of Law, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to the collection of other amounts from Electricity Vendors for its own account and, if applicable, for others; (b) follow standards, policies and procedures in performing its duties as Servicer that are customary for an electricity market operator and administrator that regularly performs settlement functions; (c) use all reasonable efforts, consistent with its customary servicing procedures, to receive and hold Servicer CEA Collections in trust for the benefit of the Issuer; (d) comply with each Requirement of Law, including all regulations and guidelines, applicable to and binding on it relating to its duties hereunder; and (e) provide all information to the Board as required by the Act and the Regulations. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Investment Asset and the Issuer Investment Interest, which may include, at the direction of the Issuer, the taking of legal action, at the Issuer's expense but subject to the priority of payments set forth in **[Section 8.02(e)]** of the Indenture. In no event shall the Issuer Investment Interest be set off at any time by the IESO or any Permitted Successor thereof in connection with any default by such Person or otherwise.

3.7 Binding Effect of Servicing Obligations

The obligations to continue to provide services and to receive and account for Servicer CEA Collections and related amounts will be binding upon the Servicer and any Permitted Successor so long as the Servicer CEA Collections have not been fully received and posted. Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a

Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.7 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.7, then, upon satisfaction of all of the other conditions of this Section 3.7, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.8 Limitation on Liability of Servicer and Others

(a) Except as otherwise provided under this Agreement, including Section 6.1, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such Person against any liability that would otherwise be imposed by reason of negligence, recklessness or willful misconduct in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, *prima facie* properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(b) Except as provided in this Agreement, the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Issuer Investment Interest that is not directly related to one of the Servicer's enumerated duties in this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer will, at the direction of the Issuer, in respect of any Proceeding, undertake any action that is not specifically identified in this Agreement as a duty of the Servicer but that the Issuer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the

Indenture Trustee under this Agreement and the interests of Specified Creditors under the Indenture.

3.9 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.7, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer, the Indenture Trustee and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Indenture Trustee and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.10 Appointments

(a) Subject to Section 3.10(b), the Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder; provided, however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided, further, that the Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the Issuer Investment Interest in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Investment Interest. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and none of the Issuer, the Indenture Trustee, Specified Creditors or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.9.

(b) The following matters shall be performed by the Electricity Vendors in accordance with the Act and shall not be considered an "appointment" for purposes of Section 3.10(a): (i) invoicing Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) collection from Specified Consumers of payments in respect of such invoices and remittance of such payments to the Servicer; and (iii) reporting to the Servicer the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and such other information the IESO may reasonably request for the purposes of determining the IESO Deferral or such further information as may be required. The Servicer shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations or in respect of the matters set out in this Section 3.10(b).

3.11 Effective Period and Termination

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 4.3, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer and the Indenture Trustee will rely thereon in paying the Purchase Price related to Transfers of specified portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement, including, for greater certainty, acting as Servicer in accordance with this Agreement.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset, the servicing of related Investment Interests, the Issuer or the repayment when due of the Funding Obligations.

(c) Power and Authority. The IESO has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer specified portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties.

(f) No Proceedings. There are no Proceedings or, to the IESO's knowledge, investigations pending or Proceedings threatened, before any Governmental Authority having jurisdiction over the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under, or the validity or enforceability of, this Agreement or the Act.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information.

(i) At the date hereof and as of each applicable Closing Date, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Regulatory Asset is true and correct in all material respects and does not omit any material facts.

(ii) Each report and certificate delivered in connection with any filing made or information provided to the Board by the IESO in connection with the Act, including on behalf of the Issuer with respect to Clean Energy Adjustments, will constitute a representation and warranty by the IESO that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the IESO with respect

thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the IESO on the date such report or certificate is delivered).

(i) The Transfer. On the applicable Closing Date, the specified portion of the Regulatory Asset as set forth in the applicable Transfer Notice shall be validly Transferred to the Issuer and the IESO will have no right, title or interest in the related Investment Interest and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except pursuant to any Co-Owner Agreement, no portion of the Regulatory Asset has been sold, transferred, assigned, pledged or otherwise conveyed by the IESO to any Person other than the Issuer or the Indenture Trustee, and, to the IESO's knowledge (after due inquiry), no security agreement, financing statement or equivalent security or lien instrument listing the IESO as debtor covering all or a portion of the Regulatory Asset (or the corresponding Investment Interest upon the Transfer thereof) is on file or of record in any jurisdiction, except such as may have been filed or recorded in favour of the Issuer or the Indenture Trustee in connection with the Program Agreements.

(k) Title. The IESO is the sole owner of the specified portion of the Regulatory Asset that is to be Transferred to the Issuer on the applicable Closing Date, free and clear of all Liens.

(l) Tax Liens. After due inquiry, the IESO is not aware of any judgment or tax lien filing against the IESO.

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) is solvent and expects to remain solvent;

(ii) reasonably believes that it will be able to pay its debts as they come due; and

(iii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of an Investment Interest to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture and may not be waived

by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

4.3 Limitations on Representations and Warranties

Notwithstanding anything in this Agreement to the contrary, the IESO makes no representation or warranty that the Issuer's Share of Servicer CEA Collections will be sufficient to satisfy in full the Issuer's Funding Obligations.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

Subject to Section 3.9, so long as any Funding Obligations are outstanding, the IESO (a) will keep in full force and effect its existence and remain validly existing under the laws of the Province of Ontario, and (b) will obtain and preserve its qualifications to do business in each jurisdiction in which such qualification is or will be necessary to protect the validity and enforceability of this Agreement and each other instrument or agreement to which the IESO is a party necessary for the proper administration of this Agreement and the transactions contemplated hereby.

5.2 No Liens

Except for (a) the Transfers under this Agreement to the Issuer or any Lien for the benefit of the Specified Creditors or the Indenture Trustee, and (b) following the Co-Owner Implementation Date, Transfers to other Financing Entities who enter into a Co-Owner Agreement with the Issuer and Liens granted in connection therewith to Persons advancing Funding Obligations to such other Financing Entities, the IESO will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on, any portion of the Regulatory Asset, whether existing as of the applicable Closing Date or thereafter created, or any interest therein. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, and will defend the right, title and interest of the Issuer and of the Indenture Trustee, on behalf of the Specified Creditors, in, to and under the Issuer Investment Interest against all claims of third parties claiming through or under the Transferor.

5.3 Notice of Liens

The IESO shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any portion of the Regulatory Asset, other than the Transfers hereunder and any Lien pursuant to the Program Agreements.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset. the Investment Asset or Investment Interests, except to the extent that failure to so comply would not materially adversely affect the Issuer's, the Indenture Trustee's or the Specified Creditors' interests in the Issuer Investment Interest under

any of the Program Agreements, the value of the Issuer Investment Interest, the timing or amount of Clean Energy Adjustments payable by Specified Consumers or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for passive investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations other than Funding Rebates.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) The IESO agrees that upon completion of a Transfer, the IESO shall reduce the balance in the Fair Hydro Variance Account by the Purchase Price and will adjust the Regulatory Asset accordingly.

(e) (i) in all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the specified portion of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement, and (iv) the IESO shall not sell any portion of the Regulatory Asset pursuant to the Act to any other Person unless a Co-Owner Agreement has been entered into and the Rating Agency Condition has been satisfied with respect thereto.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide all information regarding the IESO, the IESO Deferral, the Regulatory Asset or the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents and represents that all such information is, at the respective dates of delivery to the Issuer, true and correct, contains no misrepresentation and constitutes full, true and plain disclosure of all material facts relating to the IESO Disclosure.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Co-Owner Agreements

The IESO shall not continue as or become a party to any purchase and sale agreement or similar arrangement (other than this Agreement) under which it sells all or any portion of the Regulatory Asset unless (i) the Rating Agency Condition shall have been satisfied, (ii) the Indenture Trustee, the Transferor and the other parties to such additional arrangement shall have entered into a Co-Owner Agreement in connection therewith, and (iii) the terms of the documentation evidencing such purchase and sale arrangement or similar arrangement shall expressly exclude the Issuer Investment Interest (including the Issuer Share of any Servicer CEA Collections) from any receivables, rights or other assets pledged or sold under such arrangement and unless the purchaser under such arrangement is a Financing Entity.

5.10 Access to Certain Records and Information Regarding Investment Interest

The IESO shall provide to the Issuer and the Indenture Trustee access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Collections, as is reasonably required for the Issuer and the Indenture Trustee to confirm compliance by the IESO with its obligations under this Agreement and any other Program Agreements to which the IESO is a party. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.10 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.10.

5.11 Maintenance of Operations

Subject to Section 3.7, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario in order to provide service so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Specified Creditors), the Manager, the Administrative Agent and each of their respective trustees, officers, directors, employees and agents (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against any such Person as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; (ii) the IESO's breach of any of its representations or warranties under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; and (iii) any litigation and related expenses relating to the IESO's status and obligations as Servicer (other than any Proceeding the IESO is required to institute under this Agreement), except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those

available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the IESO shall authorize the Indemnified Party to employ separate counsel at the expense of the IESO, or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.7) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the resignation or removal of the Indenture Trustee or the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO. Other than provided in the preceding sentence, the IESO shall not indemnify any party under this Section 6.1 for any changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

(e) Except to the extent expressly provided in this Agreement (including the payment of the Purchase Price), the IESO hereby releases and discharges the Issuer and the Indenture Trustee, and each of their respective trustees, officers, directors and agents (collectively, the "**Released Parties**"), from any and all actions, claims and demands whatsoever, whenever arising, which the IESO, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Investment Interest or the IESO's activities with respect thereto, other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of **[two/three][NTD: Rating Agencies will expect 2-3 days]** Business Days after written notice of such failure is received by the Servicer from the Issuer (with a copy to the Indenture Trustee) or the Indenture Trustee or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement (other than as provided in Section 7.1(a)) or any other Program Agreement to which it is a party, which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Servicer or the IESO, as the case may be, by the Indenture Trustee or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement or in any Monthly Report, shall prove to have been incorrect when made, which has a material adverse effect on the Issuer, the Indenture Trustee or any other Specified Creditor and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO;

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs; or

(f) the termination or withdrawal of the "Servicing Guarantee" under the Provincial Protection and Assurances Agreement. **[NTD: Subject to finalization of the Provincial Protection and Assurances Agreement.]**

then, and in each and every case, the Indenture Trustee shall, upon the instruction of the Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations,

subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Specified Creditors) (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), the Specified Creditors and the Indenture Trustee (or any of their representatives) shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Investment Interest. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the IESO Deferral, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, and at the written direction and with the consent of the Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations shall, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer.

If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Indenture Trustee may, at the direction of Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations, petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Indenture Trustee be liable for its appointment of a Successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.2(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in **[Section 8.02]** of the Indenture.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Indenture Trustee, with the written consent of Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, the Manager, the Indenture Trustee and the Rating Agencies promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

(a) This Agreement may be amended in writing by the IESO and the Issuer with (i) the prior written consent of the Indenture Trustee, and (ii) the satisfaction of the Rating Agency Condition. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(b) Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the IESO and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the IESO stating that the execution of such amendment is authorized and permitted by this Agreement and that all conditions precedent provided for in this Agreement relating to such amendment have been complied with. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects their own rights, duties, indemnities or immunities under this Agreement or otherwise.

8.2 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
[Address]

Attention: ■
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

(c) in the case of the Indenture Trustee:

■
[Address]

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.3 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.4 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO, the Issuer and, to the extent provided herein or in the other Program Agreements, the Indenture Trustee (for its own benefit and for the benefit of the Specified Creditors) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.5 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.6 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this

Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.7 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.8 Assignment to Indenture Trustee

The IESO hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors of all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. In no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section **[8.02]** of the Indenture.

8.9 Limitation of Liability of Indenture Trustee

It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Specified Creditors, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

8.10 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's

property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.10, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.11 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

8.12 Indenture Trustee Actions

In acting hereunder, the Indenture Trustee shall have the rights, protections and immunities granted to it under the Indenture.

8.13 Issuer Trustee

In acting hereunder, the Issuer Trustee shall have the rights, protections and immunities granted to it under the Declaration of Trust.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

[INDENTURE TRUSTEE]
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and acknowledged and accepted by **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its desire to transfer to the Issuer on the Closing Date set out below, on a fully serviced basis, the specified portion of the Regulatory Asset set out below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the specified portion of the Regulatory Asset set out below, on a fully serviced basis, **[and (ii) the Transferor's agreement to pay to the Issuer all (a) Funding Costs, (b) Finance Reserve Deposits, (c) Financing Entity Expenses, and (d) Tax Liabilities (net of Tax Refunds) that are incurred by the Issuer in connection with such Transfer,]**[4] the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date, (i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price and the Regulatory Asset shall be adjusted accordingly; and (ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any adverse claim, and

4 Funding Rebate language to be included in Transfer Notice only when Clean Energy Adjustment is not being charged.

shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed.

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Dealers and Counsel to confirm form of Monthly IESO Report.]

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and acknowledged and accepted by **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.3 of the Master Transfer and Servicing Agreement the Servicer hereby certifies in respect of the Billing Period corresponding to the calendar month of ■, ■, as follows:

	Item	**Amount**
(A)	Servicer CEA Collections:	$■
(B)	Balance of Collection Account:	$■

[NTD: Any additional information considered necessary for OPG/IESO to be included.]

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT C

FORM OF MONTHLY FUNDING REBATE STATEMENT

See Attached

MONTHLY FUNDING REBATE STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and acknowledged and accepted by **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly Funding Rebate Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.4(a) of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Funding Expenses incurred by the Issuer in respect of the calendar month of ■, ■ are as follows:

Monthly Funding Expense	**Amount**
Funding Costs:	$■
Finance Reserve Deposits:	$■
Financing Entity Expenses:	$■
Tax Liabilities (net of Tax Refunds):	$■
Total Monthly Funding Expense:	**$■**

[NTD: Any additional information considered necessary for OPG/IESO to be included.]

In accordance with Section 3.4(b) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Total Monthly Funding Expense set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

From: Hanslep, Malle (MOF)
To: Anna Strathy; Ronald Kwan; Mike Manning; Ken Kandeepan; Gadi Mayman
Subject: Fw: Fair Hydro -- Revised Program Agreements
Date: Wednesday, December 20, 2017 9:17:34 AM
Attachments: _Fair Hydro -- Management Agreement.docx
_Fair Hydro -- Declaration of Trust.docx
_Fair Hydro -- Master Transfer and Servicing Agreement.docx
_Fair Hydro - IESO Security Agreement.docx
_Fair Hydro - OPG Indemnity Agreement.doc
_Fair Hydro - IESO Acknowledgement and Indemnity Agreement.doc
_Fair Hydro -- Change of Law Protection Agreement.docx
_Fair Hydro -- Change of Law Process Agreement.docx
Blackline_Management Agreement.pdf
Blackline_Declaration of Trust.pdf
Blackline_Master Transfer and Servicing Agreement.pdf
Blackline_IESO Security Agreement.pdf
Blackline_OPG Indemnity.pdf
Blackline_IESO Acknowledgement and Indemnity.pdf
Blackline_Change of Law Protection Agreement.pdf
Blackline_Change of Law Process Agreement.pdf
#2447114v11_TorysAtWork_-_Master Trust Indenture (December 19).docx
Blackline_-Fair Hydro -- Master Trust Indenture - 24471144v11.pdf
#2459222dv7_TorysAtWork_-_Junior Subordinated Warehouse Supplement - Fa....docx
Blackline_Junior Subordinated Warehouse Supplement (002) - 2459222dv7.pdf
#2463900v11_TorysAtWork_-_Subordinated Warehouse Supplement - Fair Hyd....docx
Blackline_Subordinated Warehouse Supplement (002) - 24463900v11.pdf
Senior Warehouse Supplement (Clean) - Dec. 19, 2017.docx
Blackline Warehouse Supplement vs RA Draft of Nov 14.pdf

Latest drafts.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Saulnier, Brett <bsaulnier@torys.com>
Sent: Tuesday, December 19, 2017 18:37
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=Qildjg7fm_mB74jxgmAc2RX3NEqaYd4AVyIpQDD2FdU&s=uXTZY5jEjDhaxEhfuSbOZfRAEjegp5PYAuNpMyMBeWE&e=>
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=Qildjg7fm_mB74jxgmAc2RX3NEqaYd4AVyIpQDD2FdU&s=uXTZY5jEjDhaxEhfuSbOZfRAEjegp5PYAuNpMyMBeWE&e=>

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DRAFT: DECEMBER 19, 2017

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December 20, 2017

TABLE OF CONTENTS

ARTICLE 1
INTERPRETATION 2
1.1 Definitions 2

ARTICLE 2
INTRODUCTORY PROVISIONS 5
2.1 Sections and Headings 5
2.2 Extended Meanings 5
2.3 References to Acts of the Issuer or the Issuer Trustee 5

ARTICLE 3
APPOINTMENT OF THE MANAGER 5
3.1 Appointment and Authority of the Manager 5

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER 6
4.1 Program Agreements 6
4.2 Issuer Investment Interest 10
4.3 Implementation Plan 11
4.4 Collection of Clean Energy Adjustments 12
4.5 Investment Interest Records 13
4.6 Payment of Other Issuer Fees and Expenses 14
4.7 Delegation 14
4.8 Annual Compliance Certificates 14
4.9 Acknowledgment of Duties as Financial Services Manager 14

ARTICLE 5
OTHER PROVISIONS RELATING
TO THE DUTIES AND COMPENSATION 15
5.1 Standard of Care 15
5.2 Compliance with Program Agreements; Conformity with Law 16
5.3 Liabilities 16
5.4 Compensation of the Manager 16
5.5 Compensation of the Issuer 17
5.6 Indemnification by Manager 17
5.7 Contracting with Itself and Affiliates 19

ARTICLE 6
REPRESENTATIONS AND WARRANTIES 19
6.1 Representations of the Issuer 19
6.2 Representations of the Manager 19

ARTICLE 7
TERMINATION AND RESIGNATION 20
7.1 Termination 20

ARTICLE 8
MISCELLANEOUS 20
8.1 Acknowledgement of Indenture 20
8.2 Appointment of Manager as Attorney-in-Fact 20
8.3 Amendments and Waivers 21
8.4 Withholding Rights 21
8.5 No Petition 22
8.6 Notice 22
8.7 Recourse to Issuer Trustee and the Issuer 23
8.8 Severability 23
8.9 Execution of Counterparts; Electronic Delivery 23
8.10 Governing Law 23
8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee 23

EXHIBIT

Exhibit A – Annual Compliance Certificate
Exhibit B – Monthly Portfolio Report

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December 20, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Change of Law Process Agreement**" means the change of law process agreement to be dated December ■, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998,* S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture to be dated December 21, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be dated December 21, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Monthly Servicer Report**" means the report delivered by the IESO under Section 3.5(a) of the Master Transfer and Servicing Agreement;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable

counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any

such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment or waiver of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied and the Manager will notify the Rating Agencies of any assignment, amendment or waiver of the Change of Law Process Agreement.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail

to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) review each Monthly Servicer Report and make commercially reasonable efforts to resolve any failures and discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors;

(ii) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) commencing May 1, 2021 and pursuant to its rights under Section 10(4) of the Regulations:

(A) the Manager shall review or caused to be reviewed, on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; and

(C) the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)(iii).

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager

is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "**Monthly Portfolio Report**").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services

Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate

counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such

termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a

legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the Manager (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Manager to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of

substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: corporatetrust.toronto@computershare.com
Attention: Manager, Corporate Trust

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled,

subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated as of December 20, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

MONTHLY REPORT

See attached.

DRAFT: DECEMBER 19, 2017

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December 20, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1

1.1 Definitions 1
1.2 Interpretation 5
1.3 Accounting Principles 6
1.4 References to Acts of the Trust 6

ARTICLE 2 THE TRUST 7

2.1 Purpose and Activities of the Trust 7
2.2 Limitation on Certain Activities 8
2.3 Name and Head Office 8
2.4 Nature of the Trust 8
2.5 Rights of Unitholders 9

ARTICLE 3 UNITS 9

3.1 Nature of Units 9
3.2 Consideration of Units 9
3.3 No Pre-Emptive Rights 10
3.4 Fractional Units 10
3.5 Allotment and Issue 10
3.6 Prohibited Issuances and Transfers 10
3.7 Liability of Unitholders 11

ARTICLE 4 REDEMPTION OF UNITS 12

4.1 Redemption of Units 12

ARTICLE 5 RIGHTS AND POWERS OF ISSUER TRUSTEE 13

5.1 General Rights and Powers 13
5.2 Acquisition of Assets and Deposit of Funds 14
5.3 Legal Title and Custody 14
5.4 Disposition of Trust Property 14
5.5 Management of Trust Property 14
5.6 Power to Borrow Money and Issue Funding Obligations 14
5.7 Derivative Agreements 15
5.8 Execution of Instruments 15
5.9 Facsimile Signatures 15
5.10 Taxes 16
5.11 Collection 16
5.12 Expenses and Compensation of Issuer Trustee 16
5.13 Allocation 17
5.14 Fiscal Year and Form of Accounts 17
5.15 Power to Contract 18
5.16 Indemnification 19

TABLE OF CONTENTS
(continued)

Page

5.17 Further Powers 19
5.18 Auditors 19
5.19 Defect in Appointment 19
5.20 Status 19

ARTICLE 6 REPLACEMENT OF ISSUER TRUSTEE 20

6.1 Resignation of Issuer Trustee 20
6.2 Removal of Issuer Trustee 20
6.3 Vacancy 20
6.4 Appointment of New Issuer Trustee 21
6.5 Merger, Consolidation and Amalgamation 21
6.6 Vesting in Successor Issuer Trustee 21
6.7 Confidentiality 21
6.8 Right to Disclose 22

ARTICLE 7 STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS 22

7.1 Standard of Care 22
7.2 Limitation of Liability of Issuer Trustee 22
7.3 Indemnification of the Issuer Trustee 23
7.4 Reliance upon Advice 23
7.5 Retain Experts 23
7.6 Reliance on Experts 24
7.7 Provisions Regarding Liability 24

ARTICLE 8 RECORDS 24

8.1 Records to be Kept 24
8.2 Segregation of Assets 24
8.3 Method of Keeping Records 24
8.4 Annual Financial Statements 25

ARTICLE 9 MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS 25

9.1 Annual Meeting 25
9.2 Other Meetings 25
9.3 Quorum and Voting 25
9.4 Written Resolution 25

ARTICLE 10 AMENDMENT 26

10.1 Amendment 26
10.2 Automatic Amendment 26
10.3 Supplemental Declaration of Trust 27

TABLE OF CONTENTS
(continued)

Page

ARTICLE 11 DISTRIBUTION OF TRUST PROPERTY 27

11.1 Distributions 27
11.2 Allocation 29
11.3 Payment of Distributions 29
11.4 Legal Rights 30
11.5 Income Tax Matters 30
11.6 Designations 30
11.7 Withholding Taxes 31

ARTICLE 12 TERMINATION OF THE TRUST 31

12.1 Termination 31

ARTICLE 13 GENERAL 32

13.1 Acknowledgement of Indenture 32
13.2 Irrevocability 32
13.3 Change of Office 32
13.4 Execution of Instruments 32
13.5 Manner of Giving Notice 32
13.6 Taxation Information 33
13.7 Severability 33
13.8 Governing Law 33
13.9 Language 33

THIS DECLARATION OF TRUST is made as of December 20, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof

which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as

referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is "Fair Hydro Trust" and the French form of the name of the Trust is "Fiducie pour des frais d'électricité équitables". The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the

Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received

by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a

Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by

or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power

or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of

the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental

to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related

thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000, in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject

to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the

purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day’s notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if: (i) it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole

discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(5) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(6) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(3) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders.

A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Acknowledgement of Indenture

The Issuer Trustee (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Trust and the Indenture Trustee to (X) add the Issuer Trustee (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Issuer Trustee to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

13.2 Irrevocability

The Trust shall be irrevocable.

13.3 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.4 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.5 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.6 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.7 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.8 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.9 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT: DECEMBER 19, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December 21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2
1.1 Definitions 2
1.2 Sections and Headings 8
1.3 Extended Meanings 8

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET 9
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 9
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 10

ARTICLE 3 ROLE OF THE SERVICER 12
3.1 Designation of Servicer 12
3.2 Forecasts and Other Information 12
3.3 Implementation Plan 12
3.4 Clean Energy Adjustments and Electricity Vendors 13
3.5 Reporting 15
3.6 Remittances 15
3.7 Reimbursement of Servicer 16
3.8 Limits to Obligations 16
3.9 Servicing and Maintenance Standards 17
3.10 Appointments 17
3.11 Term 17
3.12 Mergers 18
3.13 The IESO Not to Resign as Servicer 18
3.15 IESO Security for CEA Remittances 19

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO 20
4.1 Representations and Warranties 20
4.2 Survival 22

ARTICLE 5 COVENANTS OF THE IESO 22
5.1 Existence 22
5.2 No Transfer or Liens 23
5.3 Notice of Liens 23
5.4 Compliance with Law 23
5.5 Covenants Related to the Investment Interest 23
5.6 Non-petition Covenants 23
5.7 Disclosure 24
5.8 Further Assurances 24
5.9 Access to Certain Records and Information 24
5.10 Maintenance of Operations 24

ARTICLE 6 IESO INDEMNITIES 24
6.1 Liability of the IESO; Indemnities 25

TABLE OF CONTENTS
(continued)

Page

ARTICLE 7 SERVICER DEFAULT 27
7.1 Servicer Default 27
7.2 Appointment of Successor Servicer 28
7.3 Waiver of Past Defaults 29
7.4 Notice of Servicer Default 29
7.5 Cooperation with Successor Servicer 29
ARTICLE 8 MISCELLANEOUS 29
8.1 Acknowledgement of Indenture 29
8.2 Amendment 30
8.3 Withholding Rights 30
8.4 No Partnership 30
8.5 Notices 30
8.6 Assignment 31
8.7 Limitations on Rights of Third Parties 31
8.8 Severability 31
8.9 Separate Counterparts; Electronic Delivery 31
8.10 Governing Law 32
8.11 Grant of Security Interest to Indenture Trustee 32
8.12 Limitation of Liability of the Issuer Trustee 32
8.13 Waivers 33

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December 21, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total electricity consumption of Specified Consumers invoiced in such Billing Period;

(b) its total CEA Consumer Invoice Amounts in such Billing Period;

(c) its total Electricity Vendor CEA Collections during such Billing Period; and

(d) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December 21, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December 20, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);

(c) total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;

(d) total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;

(e) total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;

(f) the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;

(g) a summary of any matters referred to in Section 3.4(k) which have not been resolved and any explanation provided therefor by the Electricity Vendor; and

(h) such other information which otherwise may be agreed to by the Servicer;

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof), unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and "BBB(low)" or higher by DBRS Limited (or any successor thereof), unless otherwise agreed to by DBRS Limited (or any successor thereof);

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief and without personal liability;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa2" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section 7.2(a);

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to

Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory

Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can

be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1), (2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy

Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;

(d) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(e), the "**Servicer CEA Receipts**");

(g) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(e);

(k) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, prepare and deliver to the Issuer a Monthly Servicer Report;

(b) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA

Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this

Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit B (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined or any such overpayment shall be returned to the IESO.

3.15 IESO Security for CEA Remittances

The IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit from a provider that satisfies the Rating Agency Condition and with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to the amount determined in accordance with the following formula, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = 0.50, or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The

execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Servicer Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest

related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.2 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture

and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses

of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Servicer Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and,

without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a successor (a "**Successor Servicer**") shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be

entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The IESO (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the IESO (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the IESO to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

8.2 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.3 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.4 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.5 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention:	Chief Financial Officer, General Counsel and Associate General Counsel
Email:	Kim.Marshall@ieso.ca General.Counsel@ieso.ca Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: FHT@opg.com
Email: Vice President, Fair Hydro Plan

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.6 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.7 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.8 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.11 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.12 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No

property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.13 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to **[insert IESO bank account details]**.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca; General.Counsel@ieso.ca; Michael.Boll@ieso.ca

Reference is made to the master transfer and servicing agreement made as of December 21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[Wire transfer instructions to be provided by Issuer.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

SECURITY AGREEMENT

THIS AGREEMENT made as of the 21st day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor’s covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor’s Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is

commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis)

properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security

interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC., as Secured Party**

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of December 20, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Manager to perform its covenants and other obligations under the Management

Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of December 21, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of December 21, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or

payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO are limited as provided in this Section 5.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is

under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to any Person with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of December 21, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of December [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of December [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a

Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or

interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein

shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall

transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection 13.13 of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10 of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
7 Queen’s Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Minister of Finance
Fax: (416) 325-0374

- and -

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Deputy Minister of Finance
Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Minister of Energy
Fax: (416) 327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

(d) if to the Indenture Trustee:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6
Attention: Corporate Trust Administration
Fax: (416) 360-1711

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Process Agreement**" means the change of law process agreement between the Province and OPG.

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated December 20, 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December 21, 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any

"regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Documentation**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated December [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December 21, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the [■] and [■] of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of December [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of December [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby, and any material amendment or waiver of this Agreement will only be binding if the Rating Agency Condition has been satisfied. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be

deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast

shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(c)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(c)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a material adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without having or having had a material adverse effect on the rights or interests of

the Province under this Agreement or the Change of Law Protection Agreement as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Fax: (416) 325-0374

- and -

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Deputy Minister of Finance
Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Minister of Energy
Fax: (416) 327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or

any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated December [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of December 21, 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December 21, 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that

would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative

transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of December 21, 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017.

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December ~~7,~~20, 2017

TABLE OF CONTENTS

ARTICLE 1
INTERPRETATION **2**
1.1 Definitions 2

ARTICLE 2
INTRODUCTORY PROVISIONS **5**
2.1 Sections and Headings 5
2.2 Extended Meanings 5
2.3 References to Acts of the Issuer or the Issuer Trustee 5

ARTICLE 3
APPOINTMENT OF THE MANAGER **5**
3.1 Appointment and Authority of the Manager 5

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER **6**
4.1 Program Agreements 6
4.2 Issuer Investment Interest 10
4.3 Implementation Plan 11
4.4 Collection of Clean Energy Adjustments 12
4.5 Investment Interest Records 13
4.6 Payment of Other Issuer Fees and Expenses 14
4.7 Delegation 14
4.8 Annual Compliance Certificates 14
4.9 Acknowledgment of Duties as Financial Services Manager 14

ARTICLE 5
OTHER PROVISIONS RELATING
TO THE DUTIES AND COMPENSATION **15**
5.1 Standard of Care 15
5.2 Compliance with Program Agreements; Conformity with Law 16
5.3 Liabilities 16
5.4 Compensation of the Manager 16
5.5 Compensation of the Issuer 17
5.6 Indemnification by Manager 17
5.7 Contracting with Itself and Affiliates 19

ARTICLE 6
REPRESENTATIONS AND WARRANTIES **19**
6.1 Representations of the Issuer 19
6.2 Representations of the Manager 19

ARTICLE 7
TERMINATION AND RESIGNATION **20**
7.1 Termination 20

ARTICLE 8
MISCELLANEOUS **20**
8.1 Acknowledgement of Indenture 20
8.2 Appointment of Manager as Attorney-in-Fact 20
8.3 Amendments and Waivers 21
8.4 Withholding Rights 21
8.5 No Petition ..... ~~21~~22
8.6 Notice 22
8.7 Recourse to Issuer Trustee and the Issuer ..... ~~22~~23
8.8 Severability 23
8.9 Execution of Counterparts; Electronic Delivery 23
8.10 Governing Law 23
8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee 23

EXHIBIT

Exhibit A – Annual Compliance Certificate
Exhibit B – Monthly Portfolio Report

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December ~~7~~ 20, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and

obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Change of Law Process Agreement**" means the change of law process agreement **to be dated December ■, 2017** between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December ■~~,~~**20,** 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture **to be** dated ~~as of~~ December ■~~,~~**21,** 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be dated December ~~7~~21, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Monthly Servicer Report**" means the report delivered by the IESO under Section 3.5(a) of the Master Transfer and Servicing Agreement;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of

any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such

Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment **or waiver** of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied **and the Manager will notify the Rating Agencies of any assignment, amendment or waiver of the Change of Law Process Agreement**.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of

Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) review each Monthly Servicer Report and make commercially reasonable efforts to resolve any failures and discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors;

(ii) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) commencing May 1, 2021 and pursuant to its rights under Section 10(4) of the Regulations:

(A) the Manager shall review or caused to be reviewed, on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager, the records

maintained by each Electricity Vendor with respect to Clean Energy Adjustments, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; and

(C) the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)(iii).

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall

reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "**Monthly Portfolio Report**").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems

advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the

Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful

misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each

case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture~~,~~ **including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture;** (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in **Article VI, Article VII and Section 8.13 of** the Indenture**,** and ~~(iii)~~ appoints the Indenture Trustee as its agent for any and all such purposes**; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the Manager (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Manager to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture**.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: corporatetrust.toronto@computershare.com
Attention: Manager, Corporate Trust

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By:
Name:
Title:

By:
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated as of December ■, 20, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.

as Manager

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B

MONTHLY REPORT

~~[NTD: Form of monthly report is in progress and will include:~~

- ~~the amount of Monthly Carrying Costs received by the IESO under the MTSA;~~
- ~~a copy of the Monthly Servicer Report delivered by IESO under the MTSA;~~
- ~~the amounts paid for each series and class of note, broken down by principal and interest;~~
- ~~the opening and closing balance of the notes of the various series;~~
- ~~the opening and closing amounts in the various reserve accounts; and~~
- ~~amounts paid by the Issuer to various other third parties (Manager fees, Issuer Trustee fees, etc.).]~~

See attached.

Document comparison by Workshare Compare on December-19-17 12:19:45 PM

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Description	#24325449v17<TorysAtWork> - *Fair Hydro -- Management Agreement
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Insertions	26
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Moved to	0
Style change	0
Format changed	0

Total changes	51

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December ~~■,~~20, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **1**

1.1 Definitions 1
1.2 Interpretation 5
1.3 Accounting Principles 6
1.4 References to Acts of the Trust 6

ARTICLE 2 THE TRUST **7**

2.1 Purpose and Activities of the Trust 7
2.2 Limitation on Certain Activities 8
2.3 Name and Head Office 8
2.4 Nature of the Trust 8
2.5 Rights of Unitholders 9

ARTICLE 3 UNITS **9**

3.1 Nature of Units 9
3.2 Consideration of Units 9
3.3 No Pre-Emptive Rights 10
3.4 Fractional Units 10
3.5 Allotment and Issue 10
3.6 Prohibited Issuances and Transfers 10
3.7 Liability of Unitholders 11

ARTICLE 4 REDEMPTION OF UNITS **12**

4.1 Redemption of Units 12

ARTICLE 5 RIGHTS AND POWERS OF ISSUER TRUSTEE **13**

5.1 General Rights and Powers 13
5.2 Acquisition of Assets and Deposit of Funds 14
5.3 Legal Title and Custody 14
5.4 Disposition of Trust Property 14
5.5 Management of Trust Property 14
5.6 Power to Borrow Money and Issue Funding Obligations 14
5.7 Derivative Agreements 15
5.8 Execution of Instruments 15
5.9 Facsimile Signatures 15
5.10 Taxes 16
5.11 Collection 16
5.12 Expenses and Compensation of Issuer Trustee 16
5.13 Allocation 17
5.14 Fiscal Year and Form of Accounts 17
5.15 Power to Contract 18
5.16 Indemnification 19

TABLE OF CONTENTS
(continued)

Page

5.17 Further Powers 19
5.18 Auditors 19
5.19 Defect in Appointment 19
5.20 Status 19

ARTICLE 6 REPLACEMENT OF ISSUER TRUSTEE 20

6.1 Resignation of Issuer Trustee 20
6.2 Removal of Issuer Trustee 20
6.3 Vacancy 20
6.4 Appointment of New Issuer Trustee 21
6.5 Merger, Consolidation and Amalgamation 21
6.6 Vesting in Successor Issuer Trustee 21
6.7 Confidentiality 21
6.8 Right to Disclose 22

ARTICLE 7 STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS 22

7.1 Standard of Care 22
7.2 Limitation of Liability of Issuer Trustee 22
7.3 Indemnification of the Issuer Trustee 23
7.4 Reliance upon Advice 23
7.5 Retain Experts 23
7.6 Reliance on Experts 24
7.7 Provisions Regarding Liability 24

ARTICLE 8 RECORDS 24

8.1 Records to be Kept 24
8.2 Segregation of Assets 24
8.3 Method of Keeping Records 24
8.4 Annual Financial Statements 25

ARTICLE 9 MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS 25

9.1 Annual Meeting 25
9.2 Other Meetings 25
9.3 Quorum and Voting 25
9.4 Written Resolution 25

ARTICLE 10 AMENDMENT 26

10.1 Amendment 26
10.2 Automatic Amendment 26
10.3 Supplemental Declaration of Trust ~~26~~27

TABLE OF CONTENTS
(continued)

Page

ARTICLE 11 DISTRIBUTION OF TRUST PROPERTY **27**

11.1 Distributions 27
11.2 Allocation ..... ~~28~~**29**
11.3 Payment of Distributions 29
11.4 Legal Rights 30
11.5 Income Tax Matters 30
11.6 Designations 30
11.7 Withholding Taxes ..... ~~30~~**31**

ARTICLE 12 TERMINATION OF THE TRUST **31**

12.1 Termination 31

ARTICLE 13 GENERAL ..... ~~31~~**32**

13.1 **Acknowledgement of Indenture** **32**
13.2 Irrevocability ..... ~~31~~**32**
~~13.2~~**13.3** Change of Office ~~31~~**32**
~~13.3~~**13.4** Execution of Instruments 32
~~13.4~~**13.5** Manner of Giving Notice 32
~~13.5~~**13.6** Taxation Information ~~32~~**33**
~~13.6~~**13.7** Severability ~~32~~**33**
~~13.7~~**13.8** Governing Law ~~32~~**33**
~~13.8~~**13.9** Language 33

THIS DECLARATION OF TRUST is made as of December ~~■,~~20, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as

represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior

taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is "Fair Hydro Trust" and the French form of the name of the Trust is "Fiducie pour des frais d'électricité équitables". The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining

after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not

restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent

modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment

described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer

Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books

and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein

specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of

interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000, in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate

trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or

security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder

or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the

omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in

reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or

facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if: (i) it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust

Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(1) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(2) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(1) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the

Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Acknowledgement of Indenture

The Issuer Trustee (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Trust and the Indenture Trustee to (X) add the Issuer Trustee (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Issuer Trustee to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

13.2 ~~13.1~~ Irrevocability

The Trust shall be irrevocable.

13.3 ~~13.2~~ Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.4 ~~13.3~~ Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.5 ~~13.4~~ Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.6 ~~13.5~~ Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.7 ~~13.6~~ Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.8 ~~13.7~~ Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation,

performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.9 ~~13.8~~ Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-19-17 12:17:38 PM

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Description	#23163129v13<TorysAtWork> - *Fair Hydro -- Declaration of Trust
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/23163129/14
Description	#23163129v14<TorysAtWork> - *Fair Hydro -- Declaration of Trust
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Legend:	
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	Count
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Deletions	34
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Moved to	0
Style change	0
Format changed	0

Total changes	65

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December ~~,~~21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **2**
1.1 Definitions 2
1.2 Sections and Headings 8
1.3 Extended Meanings 8

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET **9**
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 9
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 10

ARTICLE 3 ROLE OF THE SERVICER **12**
3.1 Designation of Servicer 12
3.2 Forecasts and Other Information 12
3.3 Implementation Plan 12
3.4 Clean Energy Adjustments and Electricity Vendors 13
3.5 Reporting 15
3.6 Remittances 15
3.7 Reimbursement of Servicer 16
3.8 Limits to Obligations 16
3.9 Servicing and Maintenance Standards 17
3.10 Appointments 17
3.11 Term 17
3.12 Mergers 18
3.13 The IESO Not to Resign as Servicer 18
3.15 IESO Security for CEA Remittances 19

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO **20**
4.1 Representations and Warranties 20
4.2 Survival 22

ARTICLE 5 COVENANTS OF THE IESO **22**
5.1 Existence 22
5.2 No Transfer or Liens 23
5.3 Notice of Liens 23
5.4 Compliance with Law 23
5.5 Covenants Related to the Investment Interest 23
5.6 Non-petition Covenants 23
5.7 Disclosure 24
5.8 Further Assurances 24
5.9 Access to Certain Records and Information 24
5.10 Maintenance of Operations 24

ARTICLE 6 IESO INDEMNITIES **24**

TABLE OF CONTENTS
(continued)

Page

6.1 Liability of the IESO; Indemnities 25

ARTICLE 7 SERVICER DEFAULT 27
7.1 Servicer Default 27
7.2 Appointment of Successor Servicer 28
7.3 Waiver of Past Defaults 29
7.4 Notice of Servicer Default 29
7.5 Cooperation with Successor Servicer 29

ARTICLE 8 MISCELLANEOUS 29
8.1 **Acknowledgement of Indenture** **29**
8.2 Amendment ~~29~~**30**
~~8.2~~**8.3** Withholding Rights ~~29~~**30**
~~8.3~~**8.4** No Partnership 30
~~8.4~~**8.5** Notices 30
~~8.5~~**8.6** Assignment 31
~~8.6~~**8.7** Limitations on Rights of Third Parties 31
~~8.7~~**8.8** Severability 31
~~8.8~~**8.9** Separate Counterparts; Electronic Delivery 31
~~8.9~~**8.10** Governing Law ~~31~~**32**
~~8.10~~**8.11** Grant of Security Interest to Indenture Trustee ~~31~~**32**
~~8.11~~**8.12** Limitation of Liability of the Issuer Trustee 32
~~8.12~~**8.13** Waivers 33

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December ~~7~~**21,** 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December ~~1~~ 20, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total electricity consumption of Specified Consumers invoiced in such Billing Period;

(b) its total CEA Consumer Invoice Amounts in such Billing Period;

(c) its total Electricity Vendor CEA Collections during such Billing Period; and

(d) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December ~~,~~ **21,** 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted

in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December ~~,~~**20,** 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference

Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);

(c) total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;

(d) total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;

(e) total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;

(f) the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;

(g) a summary of any matters referred to in Section 3.4(k) which have not been resolved and any explanation provided therefor by the Electricity Vendor; and

(h) such other information which otherwise may be agreed to by the Servicer;

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof), unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and "BBB(low)" or higher by DBRS Limited (or any successor thereof), unless otherwise agreed to by DBRS Limited (or any successor thereof);

"**Officer's Certificate**" means a certificate **on behalf of any Person that is** signed by ~~a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture~~**any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief and without personal liability**;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion,

acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa2" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section ~~[3.07~~7.2~~(e)] of the Indenture~~a);

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1), (2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds

deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;

(d) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(e), the "**Servicer CEA Receipts**");

(g) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of

receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(e);

(k) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of

Clean Energy Adjustments, prepare and deliver to the Issuer a Monthly Servicer Report;

(b) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from

external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit B (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to

the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined or any such overpayment shall be returned to the IESO.

3.15 IESO Security for CEA Remittances

The IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit **from a provider that satisfies the Rating Agency Condition and** with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to the amount determined in accordance with the following formula, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = 0.50, or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Servicer Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section ~~8.1~~**8.2** and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not

take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or

investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Servicer Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a **successor (a "Successor Servicer")** shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written

assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The IESO (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the IESO (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the IESO to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

8.2 ~~8.1~~ Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.3 ~~8.2~~ Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.4 ~~8.3~~ No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its

execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.5 ~~8.4~~ **Notices**

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: FHT@opg.com
Email: Vice President, Fair Hydro Plan

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be

given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.6 ~~8.5~~ **Assignment**

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.7 ~~8.6~~ **Limitations on Rights of Third Parties**

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.8 ~~8.7~~ **Severability**

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 ~~8.8~~ **Separate Counterparts; Electronic Delivery**

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 ~~8.9~~ **Governing Law**

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.11 ~~**8.10**~~ **Grant of Security Interest to Indenture Trustee**

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.12 ~~**8.11**~~ **Limitation of Liability of the Issuer Trustee**

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section ~~8.11~~**8.12**, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's

property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.13 ~~8.12~~ Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[~~REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]~~***Remainder of page intentionally left blank.]***

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■Vice President, Fair Hydro Plan
Email: ■FHT@opg.com

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ■~~,~~21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to **[insert IESO bank account details]**.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By:
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: ~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR~~
~~[Address]~~**Independent Electricity System Operator**
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: ■
~~Email:~~ ■ **Chief Financial Officer, General Counsel and Associate General Counsel**
Email: Kim.Marshall@ieso.ca; General.Counsel@ieso.ca; Michael.Boll@ieso.ca

Reference is made to the master transfer and servicing agreement made as of December ■~~,~~**21,** 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[~~NTD:~~ Wire transfer instructions to be provided by ~~OPG~~Issuer.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-19-17 12:20:37 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24517772/10
Description	#24517772v10<TorysAtWork> - *Fair Hydro -- Master Transfer and Servicing Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24517772/12
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Statistics:	
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Moved to	0
Style change	0
Format changed	0

Total changes	126

DRAFT: DECEMBER ~~14,~~19, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ~~——~~21st day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC., as Secured Party**

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

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INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of ~~■,~~December 20, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ~~■,~~December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the

Manager to perform its covenants and other obligations under the Management Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

~~**ONTARIO POWER GENERATION INC.**~~

~~By:~~
~~Name:~~
~~Title:~~

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____
Name:
Title:

By: _____
Name:
Title:

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ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of ~~■,~~December 21, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ~~■,~~December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of ~~■,~~December 21, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or payable by such

Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO ~~under the MTSA~~ are limited as provided in this Section 5.[1]

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is

[1] ~~The language included in this Section tracks Section 3.8 of the MTSA.~~

under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to ~~the Issuer~~**any Person** with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of ~~●,~~ **December 21,** 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of December [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of December [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ~~■,~~ December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by,

an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as ~~[~~Exhibit A~~]~~ (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of

the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other

amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement.

~~Funds credited to the Protection Account will be invested and held in accordance with Section [7.03] of the Trust Indenture on the basis that it is an Issuer Account.~~

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections ~~[~~7.04~~]~~ through ~~[~~7.11~~]~~ and ~~[~~8.13~~]~~ (Payment Priorities), Section ~~[~~7.12~~]~~ (Payments Held in Trust), Section ~~[~~8.11~~]~~ (Control by Controlling Class Creditors), Section ~~[~~8.12~~]~~ (Limitation on Suits), Section ~~[~~8.14~~]~~ (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section ~~[~~9.14~~]~~ (Communications to Specified Creditors) and Section ~~[~~16.01~~]~~ (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection ~~[~~13.13~~(b)]~~ of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection ~~[~~9.14(b)~~]~~ of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~[~~7.10~~]~~ of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Minister of Finance
~~[Address]~~

~~Attention: [■]~~
Fax: (416) ~~[■]~~ **325-0374**
~~and~~

~~Minister of Energy~~

~~[Address]~~

~~Attention: [■]~~
~~Fax: (416) [■]~~
~~Email: [■]~~

~~With copies to:~~

- and -

~~Deputy Minister~~**Ministry** of Finance
~~[Address]~~

7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: ~~[■]~~
~~Fax: (416) [■]~~
~~Email: [■]~~
~~and~~Deputy Minister of ~~Energy~~**Finance**

~~[Address]~~

Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: ~~[■]~~
Minister of Energy

Fax: (416) ~~[■]~~
~~Email: [■]~~327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

(d) if to the Indenture Trustee:
~~[Address]~~

BNY Trust Company of Canada

One York Street, 6th Floor

Toronto, Ontario M5J 0B6

Attention: ~~[■]~~Corporate Trust Administration
Fax: (416) ~~[■]~~
~~Email: [■]~~360-1711

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Process Agreement**" means the change of law process agreement between the Province and OPG.

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of ~~[■],~~ **December 20,** 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated ~~[■],~~ **December 20,** 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated ~~[■],~~ **December 21,** 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Documentation**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated **December** [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●~~,~~ 21, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ●[■] and ●[■] of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-19-17 12:17:00 PM

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Description	#24626868v4<TorysAtWork> - *Fair Hydro -- Change of Law Protection Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24626868/5
Description	#24626868v5<TorysAtWork> - *Fair Hydro -- Change of Law Protection Agreement
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	79
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Moved to	0
Style change	0
Format changed	0

Total changes	128

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of December [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of December [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of ~~[■],~~ December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby, and any material amendment **or waiver** of this Agreement will only be binding if the Rating Agency Condition has been satisfied. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be

further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(~~b~~**c**)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(~~b~~**c**)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a ~~Material Effect~~**material adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement**, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without ~~any Material Effect having occurred~~**having or having had a material**

adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

~~Deputy Minister of Finance~~
~~[Address]~~
~~Attention: [■]~~
~~Fax: (416) [■]~~
~~Email: [■]~~

~~and~~

~~Deputy~~ Ministry of ~~Energy~~**Finance**
~~[Address]~~
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: ~~[■]~~**Minister of Finance**
Fax: (416) ~~[■]~~
~~Email: [■]~~**325-0374**

- and -

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Deputy Minister of Finance
Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Minister of Energy
Fax: (416) 327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated December [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of ~~[■],~~ December 21, 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated ~~[■],~~ **December 21,** 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that

would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section ~~4.01.~~**4.01.**

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"Rating Agency Condition" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative

transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of ~~[■],~~ **December 21,** 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~ **December 21,** 2017.

Document comparison by Workshare Compare on December-19-17 12:16:21 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24622622/5
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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24622622/6
Description	#24622622v6<TorysAtWork> - *Fair Hydro -- Change of Law Process Agreement
Rendering set	Firm_Standard

Legend:	
Insertion	
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Format change	
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Split/Merged cell	
Padding cell	

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Insertions	48
Deletions	32
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	80

Draft Date: December 19, 2017

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER 21, 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Lenders 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8
1.17 Obligations in a Foreign Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc. 10
2.03 Use of Collateral 12
2.04 Suits to Protect the Collateral 12
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 13
2.09 Release of all Collateral 14
2.10 Certain Commercial Law Representations and Warranties 15

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 16
3.03 Form of Indenture Trustee's Certificate of Authentication 16
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 19

TABLE OF CONTENTS
(continued)

Page

3.06 Beneficial Ownership of Global Notes 20
3.07 Notices to Depository 21
3.08 CUSIP Numbers 21

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes 21
4.02 Denominations 24
4.03 Execution, Authentication and Delivery and Dating 24
4.04 Temporary Notes 25
4.05 Registration, Transfer and Exchange 26
4.06 Mutilated, Destroyed, Lost and Stolen Notes 29
4.07 Persons Entitled to Payment 30
4.08 Protection of Notes 31
4.09 Additional Issuances of Notes 31
4.10 Redemption of Notes 32
4.11 Purchase of Notes for Cancellation 34
4.12 Cancellation 34

ARTICLE V CONDITIONS PRECEDENT 35

5.01 Conditions Precedent for Incurrence of Indebtedness 35
5.02 No Consent 37
5.03 Conditions Precedent for the Incurrence of other Obligations Secured 37
5.04 Specified Creditor Acknowledgements 38
5.05 Acknowledgement of Program Agreement by Indenture Trustee 38

ARTICLE VI SUBORDINATION 39

6.01 Subordination 39
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations 39
6.03 Rights of Specified Creditors Preserved 39
6.04 Renewal or Extension of Senior Funding Obligations 40

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 40

7.01 Available Collections 40
7.02 Issuer Accounts 41
7.03 Investment of Funds in the Issuer Accounts 45
7.04 Allocation of Amounts on Deposit in Collection Account 46
7.05 Allocation of Amounts on Deposit in Interest Accumulation Account 50
7.06 Allocation of Amounts on Deposit in Principal Accumulation Account 51
7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account 52

TABLE OF CONTENTS
(continued)

Page

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 52
7.09 Allocation of Amounts on Deposit in Refinancing Account 54
7.10 Allocation of Amounts on Deposit in Protection Account 54
7.11 Allocation of Amounts on Deposit in Series Accounts 56
7.12 Payments to be Held in Trust 57
7.13 Application of Trust Money 57

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 57

8.01 Events of Default 57
8.02 Acceleration of Maturity; Rescission and Annulment 59
8.03 Waiver of Past Defaults 60
8.04 Notice of Defaults 61
8.05 Remedies Generally 61
8.06 Default Interest and Expenses 62
8.07 Indenture Trustee May File Proofs of Claim 63
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 63
8.09 Indenture Trustee May Elect to Hold the Collateral 63
8.10 Termination by Indenture Trustee of Manager and Servicer 63
8.11 Control by Controlling Class Creditors 64
8.12 Limitation on Suits 64
8.13 Application of Money Following an Event of Default 65
8.14 Limited Recourse 66
8.15 Restoration of Rights and Remedies 67
8.16 Rights and Remedies Cumulative 67
8.17 Delay or Omission Not Waiver 67
8.18 Waiver of Stay or Extension Laws 67
8.19 Indenture Trustee Appointed Attorney 68
8.20 Disclaimer of Marshalling 68

ARTICLE IX THE INDENTURE TRUSTEE 68

9.01 Certain Duties and Responsibilities 68
9.02 Certain Rights of Indenture Trustee 70
9.03 Not Responsible for Recitals or Issuer Funding Obligations 71
9.04 May Hold Notes 72
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 72
9.06 Corporate Indenture Trustee Required; Eligibility 72
9.07 Resignation and Removal; Appointment of Successor 73
9.08 Acceptance of Appointment by Successor 74
9.09 Merger, Conversion, Consolidation or Succession to Business 75
9.10 Trust Indenture Legislation 75
9.11 Representations and Covenants of the Indenture Trustee 76
9.12 Indenture Trustee's Application for Instructions from the Issuer 76

TABLE OF CONTENTS
(continued)

Page

9.13 Appointment of Co-Trustee or Separate Indenture Trustee 76
9.14 Preservation of Information; Communications to Specified Creditors 78
9.15 Acceptance of Trusts by Indenture Trustee 79
9.16 Paying Agent 79

ARTICLE X MEETINGS 80

10.01 Conduct of Meetings 80
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 82
10.03 Extraordinary Resolution 85
10.04 Declaration by Chairman of Result of Vote 85
10.05 Minutes 85
10.06 Signed Instruments 85
10.07 Persons Who May Attend 85
10.08 Binding Effect of Resolutions 86
10.09 Notes Regarded as Not Outstanding for Certain Purposes 86

ARTICLE XI SUPPLEMENTAL INDENTURES 86

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 86
11.02 Supplemental Indentures and Amendments with Consent of Debtholders 88
11.03 Execution of Amendments and Supplemental Indentures 90
11.04 Effect of Amendments and Supplemental Indentures 90
11.05 Reference in Notes to Supplemental Indentures 90

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 90

12.01 Representations and Warranties of the Issuer 90
12.02 Certified Primary Obligations 92

ARTICLE XIII COVENANTS OF THE ISSUER 92

13.01 Payment of Principal and Interest 92
13.02 Use of Proceeds; Funding of Program Cash Reserve Account 92
13.03 Maintenance of Office or Agency 93
13.04 Legal Existence 93
13.05 Separateness Covenants 93
13.06 Compliance with Laws 94
13.07 Performance of Obligations 94
13.08 Funding Obligations 95
13.09 Financial Statements 95
13.10 Statement as to Compliance 95
13.11 Payment Instructions 96
13.12 Notice of Certain Events; Protection Event 96

TABLE OF CONTENTS
(continued)

Page

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 96
13.14 Other Positive Covenants 97
13.15 Rule 144A Information 98
13.16 Further Instruments and Acts 98
13.17 No Other Business 98
13.18 Amendments to Program Agreements 99
13.19 Issuer May Consolidate, Etc., Only on Certain Terms 99
13.20 Successor Substituted 100
13.21 Guarantees, Loans, Advances and Other Liabilities 100
13.22 Capital Expenditures 101
13.23 Restricted Payments 101
13.24 Redemption of Subordinated Notes or Junior Subordinated Notes 101
13.25 No Borrowing 101
13.26 Minimum Subordinated Funding Obligations 102
13.27 Other Negative Covenants 102
13.28 Indenture Trustee May Perform Covenants 102

ARTICLE XIV CERTAIN PROGRAM AGREEMENTS 103

14.01 Management Agreement 103
14.02 Credit Enhancement Agreements 103
14.03 Declaration of Trust 103

ARTICLE XV NOTICES 104

15.01 Notice to Issuer 104
15.02 Notice to the Indenture Trustee 104
15.03 Notice to Noteholders 105
15.04 Notice to Other Specified Creditors 106
15.05 Notice to Rating Agencies 106
15.06 Change of Address 106

ARTICLE XVI MISCELLANEOUS 106

16.01 No Petition 106
16.02 Withholding Rights 107
16.03 U.S. Tax Treatment 107
16.04 Alternate Payment Provisions 107
16.05 Final Distribution 107
16.06 Force Majeure 108
16.07 Delivery of Executed Copies 108

Schedule A — Defined Terms
Exhibit 1 — Forms of Payment Instruction
Exhibit 2 — Form of Refinancing Notice
Exhibit 3 — Form of Specified Creditor List
Exhibit 4 — Form of Request for Specified Creditor Information
Exhibit 5 — Form of Cancellation Notice
Exhibit 6 — Forms of Certification

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of December 21, 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in

all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 <u>Recording, Etc.</u>

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the

Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of

such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or

with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with

Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized

denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by

delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

(xx) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by

providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer

Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set

forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any

aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad

faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 Additional Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes

are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the

date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such

redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to such incurrence;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations

as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 No Consent

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement;

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in

accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

provided that, if the Issuer enters into a Derivative Agreement, the Issuer shall have delivered to each Rating Agency notice of the identity of the Derivative Counterparty and the terms of the applicable master agreement and related schedules (but for greater certainty, not each trade confirmation).

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30,

2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the

benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured

that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with a written direction and the Indenture Trustee's standard practices.

(c) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account.

(f) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 <u>Allocation of Amounts on Deposit in Collection Account</u>

(a) Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the

Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Sections 7.10 and 8.13.

(e) Subject to Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses and reimbursements) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Section 7.10, on each Interest Payment Date, amounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or

exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) be held in the Principal Accumulation Account for distribution under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

(b) On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Subject to the provisions of any applicable Funding Obligation Agreement, not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable Payment Waterfall and based upon the Payment Instruction received from the Manager in respect of such Guarantee Payment Date.

(c) Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor

out of the Protection Account and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the respective amounts of such payments, and equivalent amounts (each, a "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amounts to be payable in the same order of priority under the applicable Payment Waterfall as the related amounts under the Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full

to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

(h) In preparing any Payment Instructions, the Manager shall reflect the amounts payable under Section 2.01(a) of the Change of Law Protection Agreement, if applicable.

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and

allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of five (5) days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by

Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior

Subordinated Funding Obligations at any time on or before such time, plus (y) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising

therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d) and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the

provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the

right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to

Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i) and (ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect

the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment Instruction and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation

Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any

province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the

Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts

and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture

Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request

of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a

requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes

cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this

Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any

Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its

obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under

any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has

occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 (and in .pdf file format) of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or

the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and individual trade confirmations under Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors, acting pursuant to an Ordinary Resolution;

(ii) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust), if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(iii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and

assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of

so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure

of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders

of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with,

in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be

satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by

applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The

Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required

by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December 21, 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of

"A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated

broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December 21, 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, the Manager or any Affiliate of the Issuer or the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount

of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means an instruction of the Manager substantially in one of the forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is

being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e) of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1 of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection 7.10(d)(i).

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
FORMS OF PAYMENT INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees and expenses	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
	f. Principal Accumulation Amount (Warehouse)	$[ ]
	g. Principal and Derivative Funding Obligations – Total	$[ ]
	i. Principal Accumulation Amount (Senior)	$[ ]
	ii. Termination Payments – Total	$[ ]
	1. [*break out for each Derivative Counterparty*]	$[ ]
	h. Fees and other amounts on Senior Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	i. Manager fees and other amounts (excluding indemnity amounts)	$[ ]
	j. Principal Accumulation Amount (Subordinated)	$[ ]
	k. Fees and other amounts on Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	l. Principal Accumulation Amount (Junior Subordinated)	$[ ]
	m. Program Cash Reserve Required Amount	$[ ]

n.	Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	$**[ ]**
	i. [*break out on series by series basis*]	$**[ ]**
o.	Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	$**[ ]**
	i. [*break out on series by series basis*]	$**[ ]**
p.	Fees and other amounts on Junior Subordinated Funding Obligations – Total	$**[ ]**
	i. [*break out on series by series basis*]	$**[ ]**
q.	Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	$**[ ]**
	i. [break out on series by series basis]	$**[ ]**
r.	Derivative Funding Obligations – Total	$**[ ]**
	i. [*break out for each defaulting Derivative Counterparty*]	$**[ ]**
s.	Beneficiaries of Issuer	$**[ ]**
t.	Manager indemnity amounts	$**[ ]**
u.	Payments to other Specified Creditors – Total	$**[ ]**
	i. [*break out for each obligation*]	$**[ ]**
4.	Ending Balance	$**[ ]**
5.	Investment Proceeds on Collection Account	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Additions for Senior Funding Obligations	$**[ ]**
3.	Additions for Subordinated Funding Obligations	$**[ ]**
4.	Additions for Junior Subordinated Funding Obligations	$**[ ]**
5.	Withdrawals for Senior Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
6.	Withdrawals for Subordinated Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
8.	Ending Balance	$**[ ]**
9.	Investment Proceeds on Interest Accumulation Account	$**[ ]**
10.	Interest Accrual Amount (Senior)	$**[ ]**
11.	Interest Accrual Amount (Subordinated)	$**[ ]**
12.	Interest Accrual Amount (Junior Subordinated)	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Additions for Warehouse Obligations	$**[ ]**
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	$**[ ]**
4.	Additions for Subordinated Funding Obligations	$**[ ]**
5.	Additions for Junior Subordinated Funding Obligations	$**[ ]**
6.	Withdrawals for Warehouse Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
8.	Withdrawals for Subordinated Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
10.	Ending Balance	$**[ ]**
11.	Investment Proceeds on Principal Accumulation Account	$**[ ]**
12.	Principal Accumulation Amount (Warehouse)	$**[ ]**
13.	Principal Accumulation Amount (Senior)	$**[ ]**
14.	Principal Accumulation Amount (Subordinated)	$**[ ]**
15.	Principal Accumulation Amount (Junior Subordinated)	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO**

POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Withdrawals	$**[ ]**
	a. Taxes	$**[ ]**
	b. Issuer Trustee and Indenture Trustee fees	$**[ ]**
	c. Interest and Derivative Funding Obligations – Total	$**[ ]**
	i. Interest Accrual Amount (Senior)	$**[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$**[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	$**[ ]**
	d. Interest Accrual Amount (Subordinated)	$**[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	$**[ ]**
3.	Ending Balance	$**[ ]**
4.	Investment Proceeds on IESO Cash Reserve Account	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Additions	$**[ ]**
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
9.	Ending Balance	$**[ ]**
10.	Investment Proceeds on Program Cash Reserve Account	$**[ ]**
11.	Program Cash Reserve Required Amount	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	Opening Balance	$**[ ]**
2.	Additions	$**[ ]**
3.	Withdrawals – Total	$**[ ]**
	a. [*break out on series by series basis*]	$**[ ]**
4.	Ending Balance	$**[ ]**
5.	Investment Proceeds on Series Reserve Account	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	Opening Balance	$**0**
2.	Additions	$**[ ]**
3.	Withdrawals for Specified Creditors – Total	$**[ ]**
	a. [*break out for each obligation*]	$**[ ]**
4.	Withdrawals for Province (return of remaining amounts)	$**[ ]**
5.	Ending Balance	$**0**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	$**[ ]**
2.	Additions	$**[ ]**
3.	Withdrawals – Total	$**[ ]**
	a. [*break out for each obligation*]	$**[ ]**
4.	Ending Balance	$**[ ]**
5.	Investment Proceeds on Series Account	$**[ ]**
6.	Required Series Account amount	$**[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Refinancing Notice in respect of [*identify Funding Obligation Agreement to which the Refinancing Notice applies*] (the "**Refinanced Funding Obligation Agreement**")

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture or the Refinanced Funding Obligation Agreement, as applicable.

1. This Refinancing Notice is delivered pursuant to Section 7.09(a) of the Trust Indenture in respect of the Refinanced Funding Obligation Agreement.

2. The Issuer hereby advises that notwithstanding the provisions of the Refinanced Funding Obligation Agreement, the Principal Accumulation Amounts in respect of the Payment Dates on or after the Principal Accumulation Date are adjusted as follows:

Payment Date	**Adjusted Principal Accumulation Amount**
[*Insert details*]	[*Insert details*]

[signature page follows]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

[*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER ~~[21],~~21, 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Lenders 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8
1.17 Obligations in a Foreign Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc. 10
2.03 Use of Collateral 12
2.04 Suits to Protect the Collateral 12
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 13
2.09 Release of all Collateral 14
2.10 Certain Commercial Law Representations and Warranties 15

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 16
3.03 Form of Indenture Trustee's Certificate of Authentication 16
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 19

TABLE OF CONTENTS
(continued)

Page

3.06 Beneficial Ownership of Global Notes 20
3.07 Notices to Depository 21
3.08 CUSIP Numbers 21

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes 21
4.02 Denominations 24
4.03 Execution, Authentication and Delivery and Dating 24
4.04 Temporary Notes 25
4.05 Registration, Transfer and Exchange 26
4.06 Mutilated, Destroyed, Lost and Stolen Notes 29
4.07 Persons Entitled to Payment 30
4.08 Protection of Notes 31
4.09 Additional Issuances of Notes 31
4.10 Redemption of Notes 32
4.11 Purchase of Notes for Cancellation 34
4.12 Cancellation 34

ARTICLE V CONDITIONS PRECEDENT 35

5.01 Conditions Precedent for Incurrence of Indebtedness 35
5.02 No Consent 37
5.03 Conditions Precedent for the Incurrence of other Obligations Secured 37
5.04 Specified Creditor Acknowledgements 38
5.05 Acknowledgement of Program Agreement by Indenture Trustee 38

ARTICLE VI SUBORDINATION 39

6.01 Subordination 39
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations 39
6.03 Rights of Specified Creditors Preserved 39
6.04 Renewal or Extension of Senior Funding Obligations 40

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 40

7.01 Available Collections 40
7.02 Issuer Accounts 41
7.03 Investment of Funds in the Issuer Accounts 45
7.04 Allocation of Amounts on Deposit in Collection Account 46
7.05 Allocation of Amounts on Deposit in Interest Accumulation Account 50
7.06 Allocation of Amounts on Deposit in Principal Accumulation Account 51
7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account 52

TABLE OF CONTENTS
(continued)

Page

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 52
7.09 Allocation of Amounts on Deposit in Refinancing Account 54
7.10 Allocation of Amounts on Deposit in Protection Account 54
7.11 Allocation of Amounts on Deposit in Series Accounts 56
7.12 Payments to be Held in Trust 57
7.13 Application of Trust Money 57

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 57

8.01 Events of Default 57
8.02 Acceleration of Maturity; Rescission and Annulment 59
8.03 Waiver of Past Defaults 60
8.04 Notice of Defaults 61
8.05 Remedies Generally 61
8.06 Default Interest and Expenses 62
8.07 Indenture Trustee May File Proofs of Claim ~~62~~**63**
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 63
8.09 Indenture Trustee May Elect to Hold the Collateral 63
8.10 Termination by Indenture Trustee of Manager and Servicer 63
8.11 Control by Controlling Class Creditors 64
8.12 Limitation on Suits 64
8.13 Application of Money Following an Event of Default 65
8.14 Limited Recourse 66
8.15 Restoration of Rights and Remedies 67
8.16 Rights and Remedies Cumulative 67
8.17 Delay or Omission Not Waiver 67
8.18 Waiver of Stay or Extension Laws 67
8.19 Indenture Trustee Appointed Attorney 68
8.20 Disclaimer of Marshalling 68

ARTICLE IX THE INDENTURE TRUSTEE 68

9.01 Certain Duties and Responsibilities 68
9.02 Certain Rights of Indenture Trustee 70
9.03 Not Responsible for Recitals or Issuer Funding Obligations 71
9.04 May Hold Notes 72
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 72
9.06 Corporate Indenture Trustee Required; Eligibility 72
9.07 Resignation and Removal; Appointment of Successor 73
9.08 Acceptance of Appointment by Successor 74
9.09 Merger, Conversion, Consolidation or Succession to Business 75
9.10 Trust Indenture Legislation 75
9.11 Representations and Covenants of the Indenture Trustee 76
9.12 Indenture Trustee's Application for Instructions from the Issuer 76

TABLE OF CONTENTS
(continued)

Page

9.13 Appointment of Co-Trustee or Separate Indenture Trustee 76
9.14 Preservation of Information; Communications to Specified Creditors 78
9.15 Acceptance of Trusts by Indenture Trustee 79
9.16 Paying Agent 79

ARTICLE X MEETINGS 80

10.01 Conduct of Meetings 80
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 82
10.03 Extraordinary Resolution 85
10.04 Declaration by Chairman of Result of Vote 85
10.05 Minutes 85
10.06 Signed Instruments 85
10.07 Persons Who May Attend 85
10.08 Binding Effect of Resolutions 86
10.09 Notes Regarded as Not Outstanding for Certain Purposes 86

ARTICLE XI SUPPLEMENTAL INDENTURES 86

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 86
11.02 Supplemental Indentures and Amendments with Consent of Debtholders 88
11.03 Execution of Amendments and Supplemental Indentures 90
11.04 Effect of Amendments and Supplemental Indentures 90
11.05 Reference in Notes to Supplemental Indentures 90

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 90

12.01 Representations and Warranties of the Issuer 90
12.02 Certified Primary Obligations 92

ARTICLE XIII COVENANTS OF THE ISSUER 92

13.01 Payment of Principal and Interest 92
13.02 Use of Proceeds; Funding of Program Cash Reserve Account 92
13.03 Maintenance of Office or Agency 93
13.04 Legal Existence 93
13.05 Separateness Covenants 93
13.06 Compliance with Laws 94
13.07 Performance of Obligations 94
13.08 Funding Obligations 95
13.09 Financial Statements 95
13.10 Statement as to Compliance 95
13.11 Payment Instructions 96
13.12 Notice of Certain Events; Protection Event 96

TABLE OF CONTENTS
(continued)

Page

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 96
13.14 Other Positive Covenants 97
13.15 Rule 144A Information 98
13.16 Further Instruments and Acts 98
13.17 No Other Business 98
13.18 Amendments to Program Agreements ..... ~~98~~99
13.19 Issuer May Consolidate, Etc., Only on Certain Terms 99
13.20 Successor Substituted 100
13.21 Guarantees, Loans, Advances and Other Liabilities 100
13.22 Capital Expenditures 101
13.23 Restricted Payments 101
13.24 Redemption of Subordinated Notes or Junior Subordinated Notes 101
13.25 No Borrowing 101
13.26 Minimum Subordinated Funding Obligations ..... ~~101~~102
13.27 Other Negative Covenants 102
13.28 Indenture Trustee May Perform Covenants 102

ARTICLE XIV CERTAIN PROGRAM AGREEMENTS 103

14.01 Management Agreement 103
14.02 Credit Enhancement Agreements 103
14.03 Declaration of Trust 103

ARTICLE XV NOTICES 104

15.01 Notice to Issuer 104
15.02 Notice to the Indenture Trustee 104
15.03 Notice to Noteholders 105
15.04 Notice to Other Specified Creditors 106
15.05 Notice to Rating Agencies 106
15.06 Change of Address 106

ARTICLE XVI MISCELLANEOUS 106

16.01 No Petition 106
16.02 Withholding Rights 107
16.03 U.S. Tax Treatment 107
16.04 Alternate Payment Provisions 107
16.05 Final Distribution 107
16.06 Force Majeure 108
16.07 Delivery of Executed Copies 108

Schedule A — **Defined Terms**
Exhibit 1 — **Forms of Payment Instruction**
Exhibit 2 — **Form of Refinancing Notice**
Exhibit 3 — **Form of Specified Creditor List**
Exhibit 4 — **Form of Request for Specified Creditor Information**
Exhibit 5 — **Form of Cancellation Notice**
Exhibit 6 — **Forms of Certification**

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of December ~~[21],~~**21,** 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed

in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation

to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this

Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and

grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach

of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section

9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture

Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for

value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or

Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such

Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as

conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

(xx) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series

or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the

day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR

PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction

under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 Additional Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the

principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the

contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to

accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to such incurrence;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements~~, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement,~~ shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 No Consent

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement; ~~and~~

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer**;**

provided that, if the Issuer enters into a Derivative Agreement, the Issuer shall have delivered to each Rating Agency notice of the identity of the Derivative Counterparty and the terms of the applicable master agreement and related schedules (but for greater certainty, not each trade confirmation).

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the

Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied)

establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve

Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain

Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of

the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in

writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with **a written direction and** the Indenture Trustee's standard practices.

(c) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account.

(f) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual

time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Sections 7.10 and 8.13.

(e) Subject to Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses and reimbursements) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Section 7.10, on each Interest Payment Date, amounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid,

an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) be held in the Principal Accumulation Account for distribution under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

(b) On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to

the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) ~~Not~~**Subject to the provisions of any applicable Funding Obligation Agreement, not** less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding

Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable Payment Waterfall and based upon the Payment Instruction received from the Manager in respect of such Guarantee Payment Date.

(c) Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor out of the Protection Account and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor,

with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the ~~amount~~**respective amounts** of such ~~payment~~**payments**, and ~~an~~ equivalent ~~amount (the~~**amounts (each, a** "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation ~~Amount~~**Amounts** to be payable in the same order of priority under the applicable Payment Waterfall as the **related amounts under the** Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant

Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

(h) In preparing any Payment Instructions, the Manager shall reflect the amounts payable under Section 2.01(a) of the Change of Law Protection Agreement, if applicable.

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of five (5) days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such

notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations at any time on or before such time, plus (y) the

sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will

automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from

the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d) and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02,

take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i) and (ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke

the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or

document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment Instruction and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the

protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the

acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months

may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture

Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction)

shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds

from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded

on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors

and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories

thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any

Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of

such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently

conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations

under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has

occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event ~~and at the~~**, if a** request ~~of~~**has been made by** the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 **(and in .pdf file format)** of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount

sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and **individual trade confirmations under** Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) **enter into any Co-Owner Agreement without the consent of Controlling Class Creditors, acting pursuant to an Ordinary Resolution;**

(ii) ~~(i)~~ amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust)**,** if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(iii) ~~(ii)~~ consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such

Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of

the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be

given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural

catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By:

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of

record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December ~~[21],~~**21,** 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December ~~[15],~~**20,** 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December ~~[21],~~**21,** 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December ~~[15],~~**20,** 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal

market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December ~~[21],~~**21,** 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December ~~[21],~~**21,** 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its

beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes.

In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, the Manager or any Affiliate of the Issuer or the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means an instruction of the Manager substantially in one of the forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date, less all amounts that

have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e) of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1 of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection 7.10(d)(i).

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
FORMS OF PAYMENT INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees **and expenses**	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
	f. Principal Accumulation Amount (Warehouse)	$[ ]
	g. Principal and Derivative Funding Obligations – Total	$[ ]
	i. Principal Accumulation Amount (Senior)	$[ ]
	ii. Termination Payments – Total	$[ ]
	1. [*break out for each Derivative Counterparty*]	$[ ]
	h. Fees and other amounts on Senior Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	i. Manager fees and other amounts (excluding indemnity amounts)	$[ ]
	j. Principal Accumulation Amount (Subordinated)	$[ ]
	k. Fees and other amounts on Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	l. Principal Accumulation Amount (Junior Subordinated)	$[ ]
	m. Program Cash Reserve Required Amount	$[ ]

n.	Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
o.	Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
p.	Fees and other amounts on Junior Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
q.	Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	$[ ]
	i. [break out on series by series basis]	$[ ]
r.	Derivative Funding Obligations – Total	$[ ]
	i. [*break out for each defaulting Derivative Counterparty*]	$[ ]
s.	Beneficiaries of Issuer	$[ ]
t.	Manager indemnity amounts	$[ ]
u.	Payments to other Specified Creditors – Total	$[ ]
	i. [*break out for each obligation*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Collection Account	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Senior Funding Obligations	$[ ]
3.	Additions for Subordinated Funding Obligations	$[ ]
4.	Additions for Junior Subordinated Funding Obligations	$[ ]
5.	Withdrawals for Senior Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Ending Balance	$[ ]
9.	Investment Proceeds on Interest Accumulation Account	$[ ]
10.	Interest Accrual Amount (Senior)	$[ ]
11.	Interest Accrual Amount (Subordinated)	$[ ]
12.	Interest Accrual Amount (Junior Subordinated)	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Warehouse Obligations	$[ ]
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	$[ ]
4.	Additions for Subordinated Funding Obligations	$[ ]
5.	Additions for Junior Subordinated Funding Obligations	$[ ]
6.	Withdrawals for Warehouse Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
10.	Ending Balance	$[ ]
11.	Investment Proceeds on Principal Accumulation Account	$[ ]
12.	Principal Accumulation Amount (Warehouse)	$[ ]
13.	Principal Accumulation Amount (Senior)	$[ ]
14.	Principal Accumulation Amount (Subordinated)	$[ ]
15.	Principal Accumulation Amount (Junior Subordinated)	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its~~

~~Manager,~~ **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	Opening Balance	$[ ]
2.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
3.	Ending Balance	$[ ]
4.	Investment Proceeds on IESO Cash Reserve Account	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Ending Balance	$[ ]
10.	Investment Proceeds on Program Cash Reserve Account	$[ ]
11.	Program Cash Reserve Required Amount	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely**

as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Series Reserve Account	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	Opening Balance	**$0**
2.	Additions	**$[ ]**
3.	Withdrawals for Specified Creditors – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Withdrawals for Province (return of remaining amounts)	**$[ ]**
5.	Ending Balance	**$0**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals – Total	$[ ]
	a. [*break out for each obligation*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Series Account	$[ ]
6.	Required Series Account amount	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ~~its Manager,~~ **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

EXHIBIT 3~~See Attached.~~

TO: **BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture")**

RE: **Refinancing Notice in respect of [*identify Funding Obligation Agreement to which the Refinancing Notice applies*] (the "Refinanced Funding Obligation Agreement")**

DATE: **[■]**

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture or the Refinanced Funding Obligation Agreement, as applicable.

1. **This Refinancing Notice is delivered pursuant to Section 7.09(a) of the Trust Indenture in respect of the Refinanced Funding Obligation Agreement.**

2. ~~**[NTD: Notice must specify Series and the amount of**~~**The Issuer hereby advises that notwithstanding the provisions of the Refinanced Funding Obligation Agreement,** the Principal Accumulation Amounts ~~**specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide**~~**in respect of the Payment Dates on or after the Principal Accumulation Date are adjusted as follows:**

Payment Date	**Adjusted Principal Accumulation Amount**
[*Insert details*]	**[*Insert details*]**

[signature page follows]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

EXHIBIT 4
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 5
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

[*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 6
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 7
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable

statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

Document comparison by Workshare Compare on December-19-17 5:03:22 PM

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Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	171

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December 21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Junior Subordinated Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchaser 3
3.2 Delivery 3
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount 3
3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount 4
3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount 5
3.6 Interest; Other Amounts 5
3.7 Repayment of Principal 6
3.8 Indemnification by the Issuer 6
3.9 Taxes 6
3.10 Increased Costs 7

ARTICLE 4 CONDITIONS PRECEDENT 9
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes 9
4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes 10

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 11
5.1 Representations and Warranties of the Issuer 11
5.2 Representations and Warranties of the Purchaser 12
5.3 Survival 12

ARTICLE 6 COVENANTS 12
6.1 Covenants of the Issuer 12

ARTICLE 7 ACCELERATION 13
7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount 13

ARTICLE 8 GENERAL 13
8.1 Successor and Assigns 13

TABLE OF CONTENTS
(continued)

Page

8.2 Waiver 14
8.3 Notice 14
8.4 No Waiver: Remedies 14
8.5 Entire Agreement 14
8.6 Governing Law and Attornment 15
8.7 Acknowledgment of Trust Indenture and No Proceedings 15
8.8 Expenses 15
8.9 Further Assurances 15
8.10 Confidentiality 15
8.11 Limitation of Liability of Issuer Trustee 17
8.12 Execution in Counterparts 17
8.13 Delivery of Executed Copies 17

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day on or prior to December 21, 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental

Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**"

applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to the Requisite Percentage of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased to an amount equal to the Requisite Percentage of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), 7.06(a), 7.07, 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xvi), 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to

availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(b)(iv), 7.08(b)(iv), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to

(A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve,

assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in

reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely

until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such

pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements

between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee and the Purchaser all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser, with respect thereto; (b) to the Indenture Trustee and the Purchaser, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether

or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.13 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest

on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that

for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Requisite Percentage**" means the quotient of 10 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Junior Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Junior Subordinated Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

REGISTERED
No. R-[●]

INITIAL DOLLAR PRINCIPAL AMOUNT
$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Junior Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Junior Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Junior Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Junior Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Junior Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Junior Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Junior Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Junior Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Junior Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Junior Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Junior Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Junior Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Junior Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Junior Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Junior Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Junior Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Junior Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Junior Subordinated Note is one of a duly authorized issue of Junior Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Junior Subordinated Note, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Junior Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Junior Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Junior Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Junior Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Junior Subordinated Note shall be made to the registered holder of this Series 2017-1 Junior Subordinated Note.

Payments of interest on this Series 2017-1 Junior Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Junior Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Junior Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Junior Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Junior Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Junior Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Junior Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Junior Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Junior Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Junior Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Junior Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Junior Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Junior Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Junior Subordinated Note as a Noteholder of Series 2017-1 Junior Subordinated Notes.

The registered holder of this Series 2017-1 Junior Subordinated Note, by acceptance of this Series 2017-1 Junior Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Junior Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Junior Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Junior Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Junior Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Junior Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of

this Series 2017-1 Junior Subordinated Note and upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Junior Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Junior Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Junior Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Junior Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Junior Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Junior Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Junior Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Junior Subordinated Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Increase Date shall occur on _____.

2. The Increase Amount shall be _____.

3. The Increase is to [fund a Transfer] [is in respect of a Refinancing].

4. Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Junior Subordinated Supplemental Indenture**")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on _____.

2. The Decrease Amount shall be _____.

3. Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~[21],~~21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
- 1.1 Definitions 1
- 1.2 Interpretation 1
- 1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
- 2.1 Creation of Series 2017-1 Junior Subordinated Notes 2
- 2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
- 3.1 Purchase of Notes by the Purchaser 3
- 3.2 Delivery 3
- 3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount 3
- 3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount 4
- 3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount 5
- 3.6 Interest; Other Amounts 5
- 3.7 Repayment of Principal 6
- 3.8 Indemnification by the Issuer 6
- 3.9 Taxes 6
- 3.10 Increased Costs 7

ARTICLE 4 CONDITIONS PRECEDENT 9
- 4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes 9
- 4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes 10

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 11
- 5.1 Representations and Warranties of the Issuer 11
- 5.2 Representations and Warranties of the Purchaser 12
- 5.3 Survival 12

ARTICLE 6 COVENANTS 12
- 6.1 Covenants of the Issuer 12

ARTICLE 7 ACCELERATION 13
- 7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount 13

ARTICLE 8 GENERAL 13
- 8.1 Successor and Assigns 13

TABLE OF CONTENTS
(continued)

Page

8.2 Waiver 14
8.3 Notice 14
8.4 No Waiver: Remedies 14
8.5 Entire Agreement 14
8.6 Governing Law and Attornment 15
8.7 Acknowledgment of Trust Indenture and No Proceedings 15
8.8 Expenses 15
8.9 Further Assurances 15
8.10 Confidentiality ~~16~~**15**
8.11 Limitation of Liability of Issuer Trustee 17
8.12 Execution in Counterparts 17
8.13 Delivery of Executed Copies 17

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ~~[21],~~**21,** 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~February~~**January**, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day **on or** prior to December ~~[21],~~**21,** 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than ~~twenty percent (20%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated

Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than ~~twenty percent (20%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased to an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), 7.06(a), 7.07, 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xvi), 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(b)(iv), 7.08(b)(iv), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to

such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or

compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02**(a)** of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) **if the Increase Date is on or after May 1, 2021,** an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to

DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, ~~substantially in the form of Exhibit E (the "**Transfer Supplement**")~~**in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer**.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

~~(a)~~ The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

~~(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.~~

~~(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.~~

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee and the Purchaser all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser, with respect thereto; (b) to the Indenture Trustee and the Purchaser, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental

Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit

the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.13 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means ~~[1.10]~~**0.10**% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means ~~the weighted average interest rate applicable to the~~**, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of** Series 2017-1 Senior Notes **from the preceding Payment Date to such Payment Date**.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed

to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof,

or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"Requisite Percentage" means the quotient of 10 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default"

hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Junior Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Junior Subordinated Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time

to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

~~"**Transfer Supplement**" is defined in Section 8.1(a).~~

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~[21],~~**21,** 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

~~SERIES 2017-1~~FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

REGISTERED **INITIAL DOLLAR PRINCIPAL AMOUNT**

No. R-[●] **$[●]**

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Junior Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Junior Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Junior Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Junior Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Junior Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "Default Event"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Junior Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Junior Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Junior Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture,

payments made by the Issuer with respect to this Series 2017-1 Junior Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Junior Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Junior Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Junior Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Junior Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Junior Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Junior Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Junior Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:
Name:
Title:

By: _____
Name:
Title:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Junior Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Junior Subordinated Note is one of a duly authorized issue of Junior Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Junior Subordinated Note, Series 2017-1 (the "Series 2017-1 Junior Subordinated Notes"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Base Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "Supplemental"), and representing the right to receive certain payments from the Issuer. The term "Trust Indenture," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Junior Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Junior Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Junior Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"Payment Date" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Junior Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Junior Subordinated Note shall be made to the registered holder of this Series 2017-1 Junior Subordinated Note.

Payments of interest on this Series 2017-1 Junior Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Junior Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Junior Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Junior Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Junior Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Junior Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Junior Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Junior Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Junior Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Junior Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Junior Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Junior Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Junior Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Junior Subordinated Note as a Noteholder of Series 2017-1 Junior Subordinated Notes.

The registered holder of this Series 2017-1 Junior Subordinated Note, by acceptance of this Series 2017-1 Junior Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Junior Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Junior Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Junior Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the

rights of the holder of the Series 2017-1 Junior Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Junior Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of this Series 2017-1 Junior Subordinated Note and upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Junior Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Junior Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Junior Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Junior Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Junior Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Junior Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Junior Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

●

TO: Ontario Power Generation Inc. ("OPG")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Junior Subordinated Supplemental Indenture")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Increase Date shall occur on _____.

2. The Increase Amount shall be _____.

3. The Increase is to [fund a Transfer] [is in respect of a Refinancing].

4. Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:
Title:

By: _____
Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

~~●~~

~~**SCHEDULE E**~~

~~**FORM OF TRANSFER SUPPLEMENT**~~

TO: **Ontario Power Generation Inc. ("OPG")**

AND TO: **BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")**

RE: **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Junior Subordinated Supplemental Indenture")**

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. **The Decrease Date shall occur on _____.**

2. **The Decrease Amount shall be _____.**

3. **Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.**

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By:

Name:
Title:

By: _____

Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

Document comparison by Workshare Compare on December-19-17 4:53:05 PM

Input:	
Document 1 ID	file://C:\Users\yolusoga\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\BDP8ZGDZ\Junior Subordinated Warehouse Supplement (002).DOCX
Description	Junior Subordinated Warehouse Supplement (002)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24592224/7
Description	#24592224v7<TorysAtWork> - Junior Subordinated Warehouse Supplement - Fair Hydro
Rendering set	strikeout (colour)

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from*~~>	
>*Moved to*<	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	154
Deletions	46
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	200

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December 21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Subordinated Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchaser 3
3.2 Delivery 3
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount 3
3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount 4
3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount 5
3.6 Interest; Other Amounts 5
3.7 Repayment of Principal 6
3.8 Indemnification by the Issuer 6
3.9 Taxes 6
3.10 Increased Costs 7

ARTICLE 4 CONDITIONS PRECEDENT 9
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes 9
4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes 10

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 11
5.1 Representations and Warranties of the Issuer 11
5.2 Representations and Warranties of the Purchaser 12
5.3 Survival 12

ARTICLE 6 COVENANTS 12
6.1 Covenants of the Issuer 12

ARTICLE 7 ACCELERATION 13
7.1 Acceleration of Series 2017-1 Subordinated Principal Amount 13

ARTICLE 8 GENERAL 13
8.1 Successor and Assigns 13

TABLE OF CONTENTS
(continued)

Page

8.2 Waiver 14
8.3 Notice 14
8.4 No Waiver: Remedies 14
8.5 Entire Agreement 14
8.6 Governing Law and Attornment 15
8.7 Acknowledgment of Trust Indenture and No Proceedings 15
8.8 Expenses 15
8.9 Further Assurances 15
8.10 Confidentiality 15
8.11 Limitation of Liability of Issuer Trustee 16
8.12 Execution in Counterparts 17
8.13 Delivery of Executed Copies 17

FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day on or prior to December 21, 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a

Series 2017-1 Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the

form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to the Requisite Percentage of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to the Requisite Percentage of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(b)(iii), 7.08(b)(iii), 7.10(b) or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any

intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other

condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to

subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee and the Purchaser all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser, with respect thereto; (b) to the Indenture Trustee and the Purchaser, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as

required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing

limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.13 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest

on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that

for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"Requisite Percentage" means the quotient of 39 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Subordinated Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED
No. R-[●]

INITIAL DOLLAR PRINCIPAL AMOUNT
$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face

of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Subordinated Note shall be made to the registered holder of this Series 2017-1 Subordinated Note.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

The registered holder of this Series 2017-1 Subordinated Note, by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of this Series 2017-1 Subordinated Note and upon all future holders of this Series 2017-1 Subordinated

Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Subordinated Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Increase Date shall occur on _____.

2. The Increase Amount shall be _____.

3. The Increase is to [fund a Transfer] [is in respect of a Refinancing].

4. Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Subordinated Supplemental Indenture**")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on _____.

2. The Decrease Amount shall be _____.

3. Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~[21],~~21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Subordinated Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchaser 3
3.2 Delivery 3
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount 3
3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount 4
3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount 5
3.6 Interest; Other Amounts 5
3.7 Repayment of Principal 6
3.8 Indemnification by the Issuer 6
3.9 Taxes 6
3.10 Increased Costs 7

ARTICLE 4 CONDITIONS PRECEDENT 9
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes 9
4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes 10

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 11
5.1 Representations and Warranties of the Issuer 11
5.2 Representations and Warranties of the Purchaser 12
5.3 Survival 12

ARTICLE 6 COVENANTS 12
6.1 Covenants of the Issuer 12

ARTICLE 7 ACCELERATION 13
7.1 Acceleration of Series 2017-1 Subordinated Principal Amount 13

ARTICLE 8 GENERAL 13
8.1 Successor and Assigns 13

TABLE OF CONTENTS
(continued)

Page

8.2 Waiver 14
8.3 Notice 14
8.4 No Waiver: Remedies 14
8.5 Entire Agreement 14
8.6 Governing Law and Attornment 15
8.7 Acknowledgment of Trust Indenture and No Proceedings 15
8.8 Expenses 15
8.9 Further Assurances 15
8.10 Confidentiality ~~16~~**15**
8.11 Limitation of Liability of Issuer Trustee ~~17~~**16**
8.12 Execution in Counterparts 17
8.13 Delivery of Executed Copies 17

FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ~~[21],~~**21,** 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~February~~**January**, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day **on or** prior to December ~~[21],~~**21,** 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated

Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(b)(iii), 7.08(b)(iii), 7.10(b) or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net

income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by

the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02**(a)** of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each

Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) **if the Increase Date is on or after May 1, 2021,** an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to

DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, ~~substantially in the form of Exhibit E (the "**Transfer Supplement**")~~ **in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer**.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

~~(a)~~ The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

~~(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.~~

~~(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.~~

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee and the Purchaser all reasonable costs and expenses in connection with the preparation, execution, and delivery of this

Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser, with respect thereto; (b) to the Indenture Trustee and the Purchaser, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing

prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its

capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.13 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means ~~the weighted average interest rate applicable to the~~**, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of** Series 2017-1 Senior Notes **from the preceding Payment Date to such Payment Date**.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed

to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof,

or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"Requisite Percentage" means the quotient of 39 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default"

hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Subordinated Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto,"

"hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

~~"**Transfer Supplement**" is defined in Section 8.1(a).~~

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~[21],~~**21,** 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED
No. R-[●]

INITIAL DOLLAR PRINCIPAL AMOUNT
$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ~~[21],~~**20,** 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $~~●~~**[●]**, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, ~~the entire unpaid amount of~~ any Principal Payment Amount **due and** payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment ~~Default~~ Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. ~~Payments~~**Except as otherwise provided in the Trust Indenture, payments** made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied ~~in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable~~**first to interest due and payable on this Series 2017-1 Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Subordinated Note**.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ~~December [21], 2017~~**●, 20●**

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

~~SERIES 2017-1~~ SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under ~~an~~**a** Trust Indenture, dated as of December ~~[21],~~**21,** 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-**1 Supplemental** Indenture ~~Supplement~~, dated as of December ~~[21],~~**21,** 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the ~~Trust~~**Base** Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, ~~the entire unpaid amount of~~ any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment ~~Default~~ Date, in accordance with Section 3.7 of the Supplemental. ~~Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the~~ <~~*Series 2017-1 Subordinated Note*~~> ~~may be paid earlier, as described in the Trust Indenture.~~ All principal payments of the Series 2017-1 Subordinated Note shall be made to ~~Ontario Power Generation Inc~~**the registered holder of this**> *Series 2017-1 Subordinated Note*<.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note ~~(or one or more predecessor Series 2017-1 Subordinated Notes)~~ on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note ~~(or one or more predecessor Series 2017-1 Subordinated Notes)~~ effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note

issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

~~Ontario Power Generation Inc., by acceptance~~**The registered holder** of this Series 2017-1 Subordinated Note, **by acceptance of this Series 2017-1 Subordinated Note,** hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon ~~Ontario Power Generation Inc.~~**the registered holder of this Series 2017-1 Subordinated Note** and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or **the** Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable ~~taxes~~**Taxes**.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, ~~201~~**20**●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

●

TO: **Ontario Power Generation Inc. ("OPG")**

AND TO: **BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")**

RE: **Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Subordinated Supplemental Indenture")**

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. **The Increase Date shall occur on _____.**

2. **The Increase Amount shall be _____.**

3. **The Increase is to [fund a Transfer] [is in respect of a Refinancing].**

4. **Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.**

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By: _____

Name:

Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

~~●~~

~~SCHEDULE E~~

~~FORM OF TRANSFER SUPPLEMENT~~

TO: Ontario Power Generation Inc. ("OPG")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Subordinated Supplemental Indenture")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on _____.

2. The Decrease Amount shall be _____.

3. Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

Document comparison by Workshare Compare on December-19-17 4:48:43 PM

Input:	
Document 1 ID	file://C:\Users\yolusoga\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\BDP8ZGDZ\Subordinated Warehouse Supplement (002).DOCX
Description	Subordinated Warehouse Supplement (002)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24463900/11
Description	#24463900v11<TorysAtWork> - Subordinated Warehouse Supplement - Fair Hydro
Rendering set	strikeout (colour)

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from*~~>	
>*Moved to*<	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	104
Deletions	68
Moved from	1
Moved to	1
Style change	0
Format changed	0

Total changes	174

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December 21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 3

1.1 Definitions 3
1.2 Interpretation 3
1.3 Application of this Supplemental Indenture 4

ARTICLE 2 PRINCIPAL TERMS 4

2.1 Creation of Series 2017-1 Senior Notes 4
2.2 Principal Terms 4

ARTICLE 3 NOTE PURCHASE FACILITY 5

3.1 Purchase of Notes by the Purchasers 5
3.2 Delivery 6
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount 6
3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination 10
3.5 Increases and Reductions of the Commitments 11
3.6 Interest; Fees and Other Amounts 12
3.7 Repayment of Principal 12
3.8 Indemnification by the Issuer 13
3.9 Funding Agents 13
3.10 Taxes 14
3.11 Increased Costs 15

ARTICLE 4 CONDITIONS PRECEDENT 17

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes 17
4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes 19

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 20

5.1 Representations and Warranties of the Issuer 20
5.2 Representations and Warranties of the Purchasers 21
5.3 Survival 21

ARTICLE 6 COVENANTS 22

6.1 Covenants of the Issuer 22

ARTICLE 7 ACCELERATION 23

7.1 Acceleration of Series 2017-1 Principal Amount 23

ARTICLE 8 AGENTS 23

TABLE OF CONTENTS
(continued)

Page

8.1 Administrative Agent 23
8.2 Funding Agents 26

ARTICLE 9 GENERAL 29

9.1 Successor and Assigns 29
9.2 Waiver 32
9.3 Notice 33
9.4 No Waiver: Remedies 33
9.5 Entire Agreement 33
9.6 Governing Law and Attornment 33
9.7 Acknowledgment of Trust Indenture and No Proceedings 34
9.8 Expenses 34
9.9 Further Assurances 34
9.10 Confidentiality 34
9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions 36
9.12 Limitation of Liability of Issuer Trustee 36
9.13 Execution in Counterparts 37
9.14 Delivery of Executed Copies 37

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), **Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are

inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December 21, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group

Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On or prior to the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to December 21, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series

2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the

Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed

Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and each CP Conduit Rating Agency) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**"). If a Decrease is greater than $250,000,000, the Issuer shall provide written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and each CP Conduit Rating Agency) no later than 12:00 p.m. (Toronto time) on the 45th day prior to the Decrease Date that the Issuer intends to issue a Decrease Notice with respect to the applicable Decrease Date. If such a notice is not provided prior to the 45th day preceding the proposed Decrease Date, or if a Decrease Notice is not delivered with respect to the proposed Decrease Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to the proposed Decrease on the related Payment Date on which such Decrease was to occur.

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to each CP Conduit Rating Agency) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to each CP Conduit Rating Agency.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(b)(i), 7.08(b)(i), 7.10(b) or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it

previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the MTSA Acknowledgement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December 21, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the

Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have

received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021;

(f) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(g) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(h) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects;

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect; and

(g) the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule."

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) if such Purchaser Group is resident in Canada,

(i) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(ii) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(iii) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions; or

(b) if such Purchaser Group is resident in the United States,

(i) it is an institutional "accredited investor" within the meaning of Rule 501(a)(1),(2),(3) or (7) of the U.S. Securities Act, and (ii) is acquiring the applicable Series 2017-1 Notes for its own account or for one or more separate accounts maintained by such Purchaser Group, in each case, for investment, and not with a view to offer, transfer, assign, participate, pledge or otherwise dispose of the Series 2017-1 Notes.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not enter into any Co-Owner Agreement or make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December 21, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and

irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including,

without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to each CP Conduit Rating Agency, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties

as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this

Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to each CP Conduit Rating Agency, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to each CP Conduit Rating Agency; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify each CP Conduit Rating Agency, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii)

such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to each CP Conduit Rating Agency, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement in such form and substance as shall be acceptable to the Administrative Agent and the Issuer (acting reasonably), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to each CP Conduit Rating Agency, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating

interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to each CP Conduit Rating Agency, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Schedule F (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to each CP Conduit Rating Agency, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust

Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

Royal Bank of Canada
Attention: Ian Benaiah
200 Bay Street, Royal Bank Plaza
North Tower, 2nd Floor
Toronto, ON M5J 2W7
Fax No. 416-842-3888
Email: conduit.management@rbccm.com

9.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

9.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements.

9.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser

Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to

maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or

permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

9.14 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

ROYAL BANK OF CANADA, as Administrative Agent,

By:

Name:

Title:

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by

its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

ROYAL BANK OF CANADA,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent,
CANADIAN IMPERIAL BANK OF COMMERCE,
as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent,
CANADIAN IMPERIAL BANK OF COMMERCE,
as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

GOLDMAN SACHS BANK USA,
as a Non-Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day,

or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-

Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior

to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser

Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Senior Funding Obligations has become, or been declared, due and payable before the scheduled

payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Trust Indenture is set forth below

and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as the Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Senior Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such

purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term “the Issuer” as used in this Series 2017-1 Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

1 NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

INCREASE NOTICE

TO: Royal Bank of Canada ("**RBC"**), as Administrative Agent

AND TO: **[Funding Agents]**

AND TO: **[Non-Conduit Purchasers]**

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that an Increase in the amount of $● (the "**Increase Amount**") shall occur on ●, 20● (the "**Increase Date**"), which Increase shall be **[to fund a Transfer/is in respect of a Refinancing]**. A Delayed Funding Notice may **[not]** be delivered in connection with such Increase.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[*Signature Page Follows*]

DATED the ___ day of _____, 20___.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE D

FORM OF DECREASE NOTICE

DECREASE NOTICE

TO: Royal Bank of Canada ("RBC"), as Administrative Agent

AND TO: [Funding Agents]

AND TO: [Non-Conduit Purchasers]

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.4(a) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that a Decrease in the amount of $● (the "**Decrease Amount**") shall occur on ●, 20● (the "**Decrease Date**").

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[Signature page follows.]

DATED the ___ day of _____, 20___.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE E

PURCHASER GROUPS

CP Conduit Purchaser	**Funding Agent**	**Group Bank**	**Maximum Purchaser Group Principal Amount**
Lakeshore Trust Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	$325,000,000
SOUND Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000
SURE Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000

Non-Conduit Purchaser	**Maximum Purchaser Group Principal Amount**
Goldman Sachs Bank USA 200 West Street New York, NY 10282 Fax No.: 646-769-5285 Emails: gs-warehouse-ops@gs.com Copy to: gs-warehouse-am@gs.com	$150,000,000

SCHEDULE F
FORM OF PURCHASER GROUP SUPPLEMENT

PURCHASER GROUP SUPPLEMENT (this "Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among the Selling Purchaser Group set forth in Item 2 of Schedule I hereto (the "Selling Purchaser"), the Acquiring Purchaser Group set forth in Item 3 of Schedule I hereto (the "Acquiring Purchaser"), and the Funding Agent set forth in Item 4 of Schedule I hereto (in such capacity, the "New Funding Agent") for the Purchaser Group set forth in Item 5 of Schedule I hereto].

W I T N E S E T H:

WHEREAS, this Supplement is being executed and delivered in accordance with Section 9.1(e) of the Warehouse Senior Series 2017-1 Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, its capacity as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, and the CP Conduit Purchasers, Group Banks, Non-Conduit Purchasers and Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Supplemental Indenture"; unless otherwise defined herein, terms defined in the Supplemental Indenture are used herein as therein defined);

WHEREAS, the Acquiring Purchaser (if it is not already a Purchaser Group party to the Supplemental Indenture) wishes to become a Purchaser Group party to the Supplemental Indenture and the Acquiring Purchaser wishes to acquire and assume from the Selling Purchaser, certain of the rights, obligations and commitments under the Supplemental Indenture; and

WHEREAS, the Selling Purchaser wishes to sell and assign to the Acquiring Purchaser, certain of its rights, obligations and commitments under the Supplemental Indenture.

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the New Funding Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by the Selling Purchaser, the Acquiring Purchaser and the New Funding Agent, the New Funding Agent will promptly transmit to the Manager on behalf of the Issuer, the Indenture Trustee, the Selling Purchaser and the Acquiring Purchaser a Transfer Effective Notice, substantially in the form of Schedule III to this Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall be executed by the New Funding Agent and shall set forth, *inter alia*, the date on which the transfer effected by this Supplement shall become effective (the "Transfer Effective Date"). From and after the Transfer Effective Date, the Acquiring Purchaser shall be a Purchaser Group party to the Supplemental Indenture for all purposes thereof as a CP Conduit Purchaser or a Non-Conduit Purchaser, as specified on Schedule II to this Supplement.

(b) At or before 12:00 Noon, local time of the Selling Purchaser, on the Transfer Effective Date, the Acquiring Purchaser shall pay to the Selling Purchaser, in immediately available funds, an amount equal to the purchase price, as agreed between the Selling Purchaser and such Acquiring Purchaser (the "Purchase Price"), of the portion set forth on Schedule II hereto

being purchased by such Acquiring Purchaser of the Selling Purchaser's Maximum Purchaser Group Principal Amount (such Acquiring Purchaser's "Transferor Percentage") and other amounts owing to the Selling Purchaser under the Supplemental Indenture or otherwise in respect of the Series 2017-1 Senior Notes.

Effective upon receipt by the Selling Purchaser of the Purchase Price from the Acquiring Purchaser, the Selling Purchaser hereby irrevocably sells, assigns and transfers to the Acquiring Purchaser, without recourse, representation or warranty, and the Acquiring Purchaser hereby irrevocably purchases, takes and assumes from the Selling Purchaser, (i) the Transferor Percentage of the presently outstanding Maximum Purchaser Group Principal Amount of the Selling Purchaser and other amounts owing to the Selling Purchaser in respect of the Series 2017-1 Senior Notes, together with all instruments, documents and collateral security pertaining thereto, and (ii) the Transferor Percentage of the Selling Purchaser's Commitment Percentage and other rights, duties and obligations of the Selling Purchaser under the Supplemental Indenture.

This Supplement is intended by the parties hereto to effect a purchase by the Acquiring Purchaser and sale by the Selling Purchaser of interests in the Series 2017-1 Senior Notes, and it is not to be construed as a loan or a commitment to make a loan by the Acquiring Purchaser to the Selling Purchaser. The Selling Purchaser hereby confirms that the amount of the Series 2017-1 Maximum Principal Amount is $_____ and its Commitment Percentage thereof is _%, which equals $_____ as of _____, 20___. Upon and after the Transfer Effective Date (until further modified in accordance with the Supplemental Indenture), the Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser shall be as set forth in Schedule II to this Supplement.

(c) The Selling Purchaser has made arrangements with the Acquiring Purchaser with respect to (i) the portion, if any, to be paid, and the date or dates for payment, by the Selling Purchaser to the Acquiring Purchaser of any fees heretofore received by the Selling Purchaser pursuant to the Supplemental Indenture and Fee Letter prior to the Transfer Effective Date and (ii) the portion, if any, to be paid, and the date or dates for payment, by the Acquiring Purchaser to the Selling Purchaser of fees or interest received by the Acquiring Purchaser pursuant to the Supplemental Indenture, Fee Letter or otherwise in respect of the Series 2017-1 Senior Notes from and after the Transfer Effective Date.

(d) (i) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Selling Purchaser in respect of the Series 2017-1 Senior Notes shall, instead, be payable to or for the account of the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement.

(ii) All interest, fees and other amounts that would otherwise accrue for the account of the Selling Purchaser from and after the Transfer Effective Date pursuant to the Supplemental Indenture and Fee Letter or in respect of the Series 2017-1 Senior Notes shall, instead, accrue for the account of, and be payable to or for the account of, the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by the Acquiring Purchaser, the Selling Purchaser and the Acquiring Purchaser will make appropriate

arrangements for payment by the Selling Purchaser to the Acquiring Purchaser of such amount upon receipt thereof from the New Funding Agent.

(e) Concurrently with the execution and delivery hereof, the Acquiring Purchaser will deliver to the New Funding Agent and the Issuer the forms, if any, required by subsection 3.10(b) of the Supplemental Indenture.

(f) Each of the parties to this Supplement agrees and acknowledges that (i) at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement, and (ii) the New Funding Agent shall apply each payment made to it under the Supplemental Indenture, whether in its individual capacity or as Agent, in accordance with the provisions of the Supplemental Indenture, as appropriate.

(g) By executing and delivering this Supplement, the Selling Purchaser and the Acquiring Purchaser confirm to and agree with each other, the Funding Agents (including the New Funding Agent), the CP Conduit Purchasers, the Group Banks and the Non-Conduit Purchasers as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Supplemental Indenture or any related documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Supplemental Indenture or any other instrument or document furnished pursuant thereto; (ii) the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to the Issuer, the financial condition of the Issuer or the Indenture Trustee or the performance or observance by the Issuer or the Indenture Trustee of any of their respective obligations under the Supplemental Indenture or any other instrument or document furnished pursuant hereto; (iii) the Acquiring Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iv) the Acquiring Purchaser will, independently and without reliance upon the Administrative Agent, any Funding Agent (as defined in the Supplemental Indenture), the Selling Purchaser or any other Purchaser Group and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Supplemental Indenture or the related documents; (v) the Acquiring Purchaser appoints and authorizes the New Funding Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Supplemental Indenture and any related documents as are delegated to the New Funding Agent or the Administrative Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article 8 of the Supplemental Indenture; and (vi) the Acquiring Purchaser agrees (for the benefit of the Selling Purchaser, the Administrative Agent, the Funding Agents (as defined in the Supplemental Indenture), the Group Banks, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Issuer and the Indenture Trustee) that it will perform in accordance with their terms all of the obligations which by the terms of the Supplemental Indenture are required to be performed by it as a Purchaser Group and that its rights under the Series 2017-1 Senior Notes are subject to the terms and conditions of the Supplemental Indenture (including section 9.7 thereof).

(h) Schedule II hereto sets forth the revised Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser as well as administrative information with respect to the Acquiring Purchaser.

(i) **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.**

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO
PURCHASER GROUP SUPPLEMENT

COMPLETION OF INFORMATION AND
SIGNATURES FOR PURCHASER GROUP SUPPLEMENT

Re: Supplemental Indenture, dated as of December 21, 2017, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent

Item 1: Date of Purchaser Group Supplement:
Item 2: Selling Purchaser:
Item 3: Acquiring Purchaser:
Item 4: Name of New Funding Agent:
Item 5: Name of Purchaser Group:
Item 6: Signatures of Parties to Agreement:

_____
as Selling Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

_____

as Acquiring Purchaser

By: _____

Name:
Title:

By: _____

Name:
Title:

CONSENTED TO AND ACCEPTED BY:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

ROYAL BANK OF CANADA,

as Administrative Agent

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE II TO
PURCHASER GROUP SUPPLEMENT

LIST OF ADDRESSES FOR NOTICES, ASSIGNED INTERESTS AND COMMITMENT PERCENTAGES

[Selling Purchaser]

A. Purchaser Group Commitment Percentage:

Selling Purchaser Commitment Percentage Prior to Sale:	_____%
Commitment Percentage Sold:	_____%
Commitment Percentage Retained:	_____%

B. Series 2017-1 Maximum Principal Amount:

Selling Purchaser Portion of Series 2017-1 Maximum Principal Amount Prior to Sale:	_____%
Portion of Series 2017-1 Maximum Principal Amount Sold:	_____%
Portion of Series 2017-1 Maximum Principal Amount Retained:	_____%

[Acquiring Purchaser]

A. Purchaser Group Commitment Percentage:

Transferee Purchaser Commitment Percentage After Sale:	_____%

B. Series 2017-1 Maximum Principal Amount:

Transferee Purchaser Portion of Series 2017-1 Maximum Principal Amount After Sale:	_____%

Address for Notices:

SCHEDULE III TO
PURCHASER GROUP SUPPLEMENT

Form of
Transfer Effective Notice

To: [Name and address of Seller,
Servicer, Trust, Administrative
Agent, Selling Purchaser and
Acquiring Purchaser]

The undersigned, as New Funding Agent under the Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent, acknowledges receipt of five executed counterparts of a completed Purchaser Group Supplement. [Note: attach copies of Schedules I and II from such Purchaser Group Supplement.] Terms defined in such Purchaser Group Supplement are used herein as therein defined.

Pursuant to such Purchaser Group Supplement, you are advised that the Transfer Effective Date will be _____, _____.

Very truly yours,

[NAME OF NEW FUNDING AGENT]

By: _____
Name:
Title:

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December ~~[21]~~21, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 3

1.1 Definitions 3
1.2 Interpretation 3
1.3 Application of this Supplemental Indenture 4

ARTICLE 2 PRINCIPAL TERMS 4

2.1 Creation of Series 2017-1 Senior Notes 4
2.2 Principal Terms 4

ARTICLE 3 NOTE PURCHASE FACILITY 5

3.1 Purchase of Notes by the Purchasers 5
3.2 Delivery 6
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount 6
3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination 10
3.5 Increases and Reductions of the Commitments 11
3.6 Interest; Fees and Other Amounts 12
3.7 Repayment of Principal 12
3.8 Indemnification by the Issuer 13
3.9 Funding Agents 13
3.10 Taxes 14
3.11 Increased Costs 15

ARTICLE 4 CONDITIONS PRECEDENT 17

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes 17
4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes 19

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 20

5.1 Representations and Warranties of the Issuer 20
5.2 Representations and Warranties of the Purchasers 21
5.3 Survival 21

ARTICLE 6 COVENANTS 21

6.1 Covenants of the Issuer 21

ARTICLE 7 ACCELERATION 23

7.1 Acceleration of Series 2017-1 Principal Amount 23

ARTICLE 8 AGENTS 23

TABLE OF CONTENTS
(continued)

Page

8.1 Administrative Agent 23
8.2 Funding Agents 26

ARTICLE 9 GENERAL 29

9.1 Successor and Assigns 29
9.2 Waiver 32
9.3 Notice 32
9.4 No Waiver: Remedies 33
9.5 Entire Agreement 33
9.6 Governing Law and Attornment 33
9.7 Acknowledgment of Trust Indenture and No Proceedings 33
9.8 Expenses ~~33~~34
9.9 Further Assurances 34
9.10 Confidentiality 34
9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions ~~35~~36
9.12 Limitation of Liability of Issuer Trustee 36
9.13 Execution in Counterparts 37
9.14 Delivery of Executed Copies 37

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of December ~~[21],~~21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), **Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust

Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December ~~[21],~~21, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or

increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On or prior to the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to December ~~[21],~~21, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by

email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with

respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described

below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser

Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and ~~DBRS~~each CP Conduit Rating Agency) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date~~; provided that if the~~. *Each Decrease Notice shall state *(x) the Decrease Date, and (y)* the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").* If a Decrease is greater than $250,000,000, the ~~Decrease Notice shall, subject to the second following sentence, be provided~~Issuer shall provide written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and each CP Conduit Rating Agency) no

later than 12:00 p.m. (Toronto time) on the 45th day prior to ~~any Payment~~the Decrease Date that ~~is a Decrease Date. If~~the Issuer intends to issue a Decrease Notice with respect to ~~a~~the applicable Decrease ~~of $250,000,000 or more~~Date. If such a notice is not provided prior to the 45th day preceding the ~~related Payment~~proposed Decrease Date, or if a Decrease Notice is not delivered with respect to the proposed Decrease Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to ~~such~~the proposed Decrease on the related Payment Date. ~~*Each Decrease Notice shall state *(x) the Decrease Date, and (y)* the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").*~~ on which such Decrease was to occur.

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to ~~DBRS~~each CP Conduit Rating Agency) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written

consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to ~~DBRS~~each CP Conduit Rating Agency.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and

Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(b)(i), 7.08(b)(i), 7.10(b) or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the

related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the ~~U.S.~~ Internal Revenue Code ~~of 1986, as amended~~ ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act ~~(Canada), as amended~~ (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible

thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party

(through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (~~i~~A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (~~ii~~B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the ~~Trust~~Issuer of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (~~B~~ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the MTSA Acknowledgement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December ~~[21],~~21, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO

and the Manager certified by an Authorized Officer of the applicable entity~~, as applicable~~;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(~~b~~c)(~~vi~~v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the

Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

~~(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;~~

(e) ~~(f)~~ after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any ~~o~~Obligations ~~s~~Secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, ~~2021~~ 2021;

(f) ~~(g)~~ there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(g) ~~(h)~~ after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(h) ~~(i)~~ the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.~~;~~

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; ~~and~~

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect~~.~~; and

(g) the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule."

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) if such Purchaser Group is resident in Canada,

(i) ~~(a)~~ it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(ii) ~~(b)~~ it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(iii) ~~(c)~~ it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions; or

(b) if such Purchaser Group is resident in the United States,

(i) it is an institutional "accredited investor" within the meaning of Rule 501(a)(1),(2),(3) or (7) of the U.S. Securities Act, and (ii) is acquiring the applicable Series 2017-1 Notes for its own account or for one or more separate accounts maintained by such Purchaser Group, in each case, for investment, and not with a view to offer, transfer, assign, participate, pledge or otherwise dispose of the Series 2017-1 Notes.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not enter into any Co-Owner Agreement or make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December ~~[21],~~21, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due

and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection

with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to ~~DBRS~~each CP Conduit Rating Agency, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit

Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative

Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of

this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to ~~DBRS~~each CP Conduit Rating Agency, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks

represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to ~~DBRS~~each CP Conduit Rating Agency; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this

Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify ~~DBRS~~each CP Conduit Rating Agency, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement~~, substantially in the form of Exhibit H (the "**Transfer Supplement**"~~ in such form and substance as shall be acceptable to the Administrative Agent and the Issuer (acting reasonably), executed by such Acquiring Group Bank, such assigning Group Bank, the

Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of ~~Exhibit I~~Schedule F (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding

Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit

Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

Royal Bank of Canada ~~**[NTD: Oslers to provide]**~~
Attention: Ian Benaiah
200 Bay Street, Royal Bank Plaza
North Tower, 2nd Floor
Toronto, ON M5J 2W7
Fax No. 416-842-3888
Email: conduit.management@rbccm.com

9.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise

of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

9.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements.

9.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit

Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this

Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

9.14 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Supplemental Indenture as of the date first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

ROYAL BANK OF CANADA, as Administrative Agent,

By:

Name:

Title:

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

~~**[NTD: Detailed signing pages to be prepared.]**~~

By: _____
Name:
Title:

By: _____
Name:
Title:

ROYAL BANK OF CANADA,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent,
CANADIAN IMPERIAL BANK OF COMMERCE,
as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

~~**SCHEDULE A**~~**COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE,**

as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

GOLDMAN SACHS BANK USA,
as a Non-Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the ~~preamble~~recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000

definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an

Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group

unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or

certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Senior Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" ~~is defined~~has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of December ~~[21],~~ 21, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED

No. R [●]

INITIAL DOLLAR PRINCIPAL AMOUNT

$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■~~,~~20, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the ~~Indenture Supplement~~Supplemental; provided, that, ~~the entire unpaid amount of~~ any Principal Payment Amount due and payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment ~~Default~~ Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the ~~Indenture Supplement~~Supplemental on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the ~~Indenture Supplement~~Supplemental. Pursuant to Sections 3.3 and 3.4 of the ~~Indenture Supplement~~Supplemental, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the ~~Indenture Supplement~~Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the ~~Indenture Supplement~~Supplemental, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Trust Indenture ~~or the Indenture Supplement~~ referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:
Name:
Title:

By:
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within -mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

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FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as ~~its Fair Hydro Trust,~~the Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under ~~an~~a Trust Indenture, dated as of December ~~[21],~~21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Senior Series 2017-1 Supplemental Indenture~~ Supplement~~, dated as of December ~~[21],~~21, 2017 (the "~~**Indenture Supplement**~~**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the ~~Indenture Supplement~~Supplemental. Except as set forth in the ~~Indenture Supplement~~Supplemental, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the ~~Indenture Supplement~~Supplemental shall have the meanings assigned to them in or pursuant to the ~~Indenture Supplement~~Supplemental.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, ~~the entire unpaid amount of~~ any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment ~~Default~~ Date, in accordance with Section 3.7 of the ~~Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture~~Supplemental. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the ~~Indenture Supplement~~Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued

upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with

certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable ~~t~~Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

INCREASE NOTICE

TO:	Royal Bank of Canada ("**RBC**"), as Administrative Agent
AND TO:	**[Funding Agents]**
AND TO:	**[Non-Conduit Purchasers]**
AND TO:	BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")
RE:	Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that an Increase in the amount of $● (the "**Increase Amount**") shall occur on ●, 20● (the "**Increase Date**"), which Increase shall be **[to fund a Transfer/is in respect of a Refinancing]**. A Delayed Funding Notice may **[not]** be delivered in connection with such Increase.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[*Signature Page Follows*]

DATED the ___ day of _____, 20___.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

SCHEDULE D

FORM OF DECREASE NOTICE

DECREASE NOTICE

TO: Royal Bank of Canada ("RBC"), as Administrative Agent

AND TO: [Funding Agents]

AND TO: [Non-Conduit Purchasers]

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.4(a) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that a Decrease in the amount of $● (the "**Decrease Amount**") shall occur on ●, 20● (the "**Decrease Date**").

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[Signature page follows.]

DATED the___ day of_____, 20___.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by
ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:

Title:

By:

Name:

Title:

SCHEDULE E

PURCHASER GROUPS

CP Conduit Purchaser	Funding Agent	Group Bank	Maximum Purchaser Group Principal Amount
Lakeshore Trust Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	$325,000,000
SOUND Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000
SURE Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000

Non-Conduit Purchaser	Maximum Purchaser Group Principal Amount
Goldman Sachs Bank USA 200 West Street New York, NY 10282 Fax No.: 646-769-5285 Emails: gs-warehouse-ops@gs.com Copy to: gs-warehouse-am@gs.com	$150,000,000

SCHEDULE F
FORM OF PURCHASER GROUP SUPPLEMENT

PURCHASER GROUP SUPPLEMENT (this "Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among the Selling Purchaser Group set forth in Item 2 of Schedule I hereto (the "Selling Purchaser"), the Acquiring Purchaser Group set forth in Item 3 of Schedule I hereto (the "Acquiring Purchaser"), and the Funding Agent set forth in Item 4 of Schedule I hereto (in such capacity, the "New Funding Agent") for the Purchaser Group set forth in Item 5 of Schedule I hereto].

W I T N E S E T H:

WHEREAS, this Supplement is being executed and delivered in accordance with Section 9.1(e) of the Warehouse Senior Series 2017-1 Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, its capacity as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, and the CP Conduit Purchasers, Group Banks, Non-Conduit Purchasers and Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Supplemental Indenture"; unless otherwise defined herein, terms defined in the Supplemental Indenture are used herein as therein defined);

WHEREAS, the Acquiring Purchaser (if it is not already a Purchaser Group party to the Supplemental Indenture) wishes to become a Purchaser Group party to the Supplemental Indenture and the Acquiring Purchaser wishes to acquire and assume from the Selling Purchaser, certain of the rights, obligations and commitments under the Supplemental Indenture; and

WHEREAS, the Selling Purchaser wishes to sell and assign to the Acquiring Purchaser, certain of its rights, obligations and commitments under the Supplemental Indenture.

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the New Funding Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by the Selling Purchaser, the Acquiring Purchaser and the New Funding Agent, the New Funding Agent will promptly transmit to the Manager on behalf of the Issuer, the Indenture Trustee, the Selling Purchaser and the Acquiring Purchaser a Transfer Effective Notice, substantially in the form of Schedule III to this Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall be executed by the New Funding Agent and shall set forth, *inter alia*, the date on which the transfer effected by this Supplement shall become effective (the "Transfer Effective Date"). From and after the Transfer Effective Date, the Acquiring Purchaser shall be a Purchaser Group party to the Supplemental Indenture for all purposes thereof as a CP Conduit Purchaser or a Non-Conduit Purchaser, as specified on Schedule II to this Supplement.

(b) At or before 12:00 Noon, local time of the Selling Purchaser, on the Transfer Effective Date, the Acquiring Purchaser shall pay to the Selling Purchaser, in

immediately available funds, an amount equal to the purchase price, as agreed between the Selling Purchaser and such Acquiring Purchaser (the "Purchase Price"), of the portion set forth on Schedule II hereto being purchased by such Acquiring Purchaser of the Selling Purchaser's Maximum Purchaser Group Principal Amount (such Acquiring Purchaser's "Transferor Percentage") and other amounts owing to the Selling Purchaser under the Supplemental Indenture or otherwise in respect of the Series 2017-1 Senior Notes.

Effective upon receipt by the Selling Purchaser of the Purchase Price from the Acquiring Purchaser, the Selling Purchaser hereby irrevocably sells, assigns and transfers to the Acquiring Purchaser, without recourse, representation or warranty, and the Acquiring Purchaser hereby irrevocably purchases, takes and assumes from the Selling Purchaser, (i) the Transferor Percentage of the presently outstanding Maximum Purchaser Group Principal Amount of the Selling Purchaser and other amounts owing to the Selling Purchaser in respect of the Series 2017-1 Senior Notes, together with all instruments, documents and collateral security pertaining thereto, and (ii) the Transferor Percentage of the Selling Purchaser's Commitment Percentage and other rights, duties and obligations of the Selling Purchaser under the Supplemental Indenture.

This Supplement is intended by the parties hereto to effect a purchase by the Acquiring Purchaser and sale by the Selling Purchaser of interests in the Series 2017-1 Senior Notes, and it is not to be construed as a loan or a commitment to make a loan by the Acquiring Purchaser to the Selling Purchaser. The Selling Purchaser hereby confirms that the amount of the Series 2017-1 Maximum Principal Amount is $ and its Commitment Percentage thereof is %, which equals $ as of , 20 . Upon and after the Transfer Effective Date (until further modified in accordance with the Supplemental Indenture), the Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser shall be as set forth in Schedule II to this Supplement.

(c) The Selling Purchaser has made arrangements with the Acquiring Purchaser with respect to (i) the portion, if any, to be paid, and the date or dates for payment, by the Selling Purchaser to the Acquiring Purchaser of any fees heretofore received by the Selling Purchaser pursuant to the Supplemental Indenture and Fee Letter prior to the Transfer Effective Date and (ii) the portion, if any, to be paid, and the date or dates for payment, by the Acquiring Purchaser to the Selling Purchaser of fees or interest received by the Acquiring Purchaser pursuant to the Supplemental Indenture, Fee Letter or otherwise in respect of the Series 2017-1 Senior Notes from and after the Transfer Effective Date.

(d) (i) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Selling Purchaser in respect of the Series 2017-1 Senior Notes shall, instead, be payable to or for the account of the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement.

(ii) All interest, fees and other amounts that would otherwise accrue for the account of the Selling Purchaser from and after the Transfer Effective Date pursuant to the Supplemental Indenture and Fee Letter or in respect of the Series 2017-1 Senior Notes shall, instead, accrue for the account of, and be payable to or for the account of, the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as

reflected in this Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by the Acquiring Purchaser, the Selling Purchaser and the Acquiring Purchaser will make appropriate arrangements for payment by the Selling Purchaser to the Acquiring Purchaser of such amount upon receipt thereof from the New Funding Agent.

(e) Concurrently with the execution and delivery hereof, the Acquiring Purchaser will deliver to the New Funding Agent and the Issuer the forms, if any, required by subsection 3.10(b) of the Supplemental Indenture.

(f) Each of the parties to this Supplement agrees and acknowledges that (i) at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement, and (ii) the New Funding Agent shall apply each payment made to it under the Supplemental Indenture, whether in its individual capacity or as Agent, in accordance with the provisions of the Supplemental Indenture, as appropriate.

(g) By executing and delivering this Supplement, the Selling Purchaser and the Acquiring Purchaser confirm to and agree with each other, the Funding Agents (including the New Funding Agent), the CP Conduit Purchasers, the Group Banks and the Non-Conduit Purchasers as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Supplemental Indenture or any related documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Supplemental Indenture or any other instrument or document furnished pursuant thereto; (ii) the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to the Issuer, the financial condition of the Issuer or the Indenture Trustee or the performance or observance by the Issuer or the Indenture Trustee of any of their respective obligations under the Supplemental Indenture or any other instrument or document furnished pursuant hereto; (iii) the Acquiring Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iv) the Acquiring Purchaser will, independently and without reliance upon the Administrative Agent, any Funding Agent (as defined in the Supplemental Indenture), the Selling Purchaser or any other Purchaser Group and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Supplemental Indenture or the related documents; (v) the Acquiring Purchaser appoints and authorizes the New Funding Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Supplemental Indenture and any related documents as are delegated to the New Funding Agent or the Administrative Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article 8 of the Supplemental Indenture; and (vi) the Acquiring Purchaser agrees (for the benefit of the Selling Purchaser, the Administrative Agent, the Funding Agents (as defined in the Supplemental Indenture), the Group Banks, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Issuer and the Indenture Trustee) that it will perform in accordance with their terms all of the obligations which by the terms of the Supplemental Indenture are

required to be performed by it as a Purchaser Group and that its rights under the Series 2017-1 Senior Notes are subject to the terms and conditions of the Supplemental Indenture (including section 9.7 thereof).

(h) Schedule II hereto sets forth the revised Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser as well as administrative information with respect to the Acquiring Purchaser.

(i) **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.**

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO
PURCHASER GROUP SUPPLEMENT

COMPLETION OF INFORMATION AND
SIGNATURES FOR PURCHASER GROUP SUPPLEMENT

Re: Supplemental Indenture, dated as of December 21, 2017, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent

Item 1: Date of Purchaser Group Supplement:
Item 2: Selling Purchaser:
Item 3: Acquiring Purchaser:
Item 4: Name of New Funding Agent:
Item 5: Name of Purchaser Group:
Item 6: Signatures of Parties to Agreement:

_____
as Selling Purchaser

By:
Name:
Title:

By:
Name:
Title:

as Acquiring Purchaser

By:
Name:
Title:

By:
Name:
Title:

CONSENTED TO AND ACCEPTED BY:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:
Name:
Title:

By:
Name:
Title:

ROYAL BANK OF CANADA,

as Administrative Agent

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE II TO
PURCHASER GROUP SUPPLEMENT

LIST OF ADDRESSES FOR NOTICES, ASSIGNED INTERESTS AND COMMITMENT PERCENTAGES

[Selling Purchaser]

A. Purchaser Group Commitment Percentage:

Selling Purchaser Commitment Percentage Prior to Sale:	_____%
Commitment Percentage Sold:	_____%
Commitment Percentage Retained:	_____%

B. Series 2017-1 Maximum Principal Amount:

Selling Purchaser Portion of Series 2017-1 Maximum Principal Amount Prior to Sale:	_____%
Portion of Series 2017-1 Maximum Principal Amount Sold:	_____%
Portion of Series 2017-1 Maximum Principal Amount Retained:	_____%

[Acquiring Purchaser]

A. Purchaser Group Commitment Percentage:

Transferee Purchaser Commitment Percentage After Sale:	_____%

B. Series 2017-1 Maximum Principal Amount:

Transferee Purchaser Portion of Series 2017-1 Maximum Principal Amount After Sale:	_____%

Address for Notices:

SCHEDULE III TO
PURCHASER GROUP SUPPLEMENT

Form of
Transfer Effective Notice

To: [Name and address of Seller, Servicer, Trust, Administrative Agent, Selling Purchaser and Acquiring Purchaser]

The undersigned, as New Funding Agent under the Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent, acknowledges receipt of five executed counterparts of a completed Purchaser Group Supplement. [Note: attach copies of Schedules I and II from such Purchaser Group Supplement.] Terms defined in such Purchaser Group Supplement are used herein as therein defined.

Pursuant to such Purchaser Group Supplement, you are advised that the Transfer Effective Date will be .

Very truly yours,

[NAME OF NEW FUNDING AGENT]

By:
Name:
Title:

From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Mike Manning; Gadi Mayman; Carlos Yep; Ronald Kwan; James Devine; John Kim; Anna Strathy; Keley Katona (ENERGY); John Psinas; Scott Nelms (ENERGY); Montgomery, Kaitlin (MOF); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc: Tobias P. Whitfield (MOF); Tom McKinlay (MAG)
Subject: Fw: Fair Hydro -- Supplemental Indenture for Long Term Debt
Date: Thursday, October 26, 2017 6:47:31 PM
Attachments: 46490618_1.doc

I might not have covered everyone with this email

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Saulnier, Brett <bsaulnier@torys.com>
Sent: Thursday, October 26, 2017 18:36
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Supplemental Indenture for Long Term Debt

All,

Please find attached a first draft of the supplemental indenture for the long term debt, which we just received from Osler. Osler has advised that this draft remains subject to review and comment by the dealers. Please note that Torys/OPG have not yet reviewed.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=qy3Be04WcgeV1T51JwaO01AVyzekYf22u-SBFaldZSM&s=2cyXIz4g6Q_gmGU1jAtJ4LDly2t1N3JkEPQdsKxu1Kg&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=qy3Be04WcgeV1T51JwaO01AVyzekYf22u-SBFaldZSM&s=2cyXIz4g6Q_gmGU1jAtJ4LDly2t1N3JkEPQdsKxu1Kg&e= >

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FIRST [SENIOR NOTES] SUPPLEMENTAL INDENTURE

between

[ISSUER] TRUST

by

● TRUST COMPANY OF CANADA
as Issuer Trustee

and

● TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF ●, 2017

AND PROVIDING FOR THE ISSUE OF
●% SENIOR NOTES DUE ● (SENIOR NOTES SERIES 2017-1)
OF [ISSUER] TRUST

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 SERIES 2017-1 SENIOR NOTES 2
2.1 Creation of Series 2017-1 Senior Notes 2
2.2 Principal Terms 2
2.3 Delivery 3
2.4 Payment of Interest 3
2.5 Payment of Principal 3
2.6 [Redemption and Repurchase 4
2.7 Indemnification by the Issuer 4
2.8 Taxes 5
2.9 Conditions Precedent to Issuance of Series 2017-1 Senior Notes 6

ARTICLE 3 REPRESENTATIONS AND WARRANTIES 6
3.1 Representations and Warranties of the Issuer 6
3.2 Survival 7

ARTICLE 4 GENERAL 7
4.1 Acceptance of Trust 7
4.2 Confirmation of Trust Indenture 7
4.3 Indenture Trustee Not Bound to Act 7
4.4 Successor and Assigns 7
4.5 Specified Creditors 8
4.6 Waiver 8
4.7 Notice 8
4.8 No Waiver: Remedies 8
4.9 Entire Agreement 8
4.10 Governing Law and Attornment 8
4.11 Expenses 9
4.12 Further Assurances 9
4.13 Limitation of Liability of Issuer Trustee 9
4.14 Execution in Counterparts 10
4.15 Delivery of Executed Copies 10

●% SENIOR NOTES DUE ● (SENIOR NOTES SERIES 2007-1)

THIS FIRST [SENIOR NOTES] SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**") is made as of ●, 2017, between ●, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and ● **Trust Company of Canada**, a trust company existing under the laws of **[Canada]** (the "**Indenture Trustee**").

WHEREAS pursuant to the Trust Indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee (as amended or restated from time to time, the "**Trust Indenture**"), provision was made for the issuance of Senior Notes from time to time in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Senior Notes designated as the ●% Senior Notes due ● (Series 2017-1) (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the foregoing recitals are made as statements of fact by the Issuer and not by the Indenture Trustee.

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Senior Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
SERIES 2017-1 SENIOR NOTES

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Senior Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**●% Senior Notes due ● (Series 2017-1)**."

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes will:

(a) be designated as set out in Section 2.1;

(b) be a Series of Senior Notes as contemplated by the Trust Indenture;

(c) not be divided into Tranches;

(d) be unlimited in principal amount but initially will have an aggregate principal amount of $● to be issued on the date hereof, provided that the principal amount of the Series 2017-1 Senior Notes may be increased after the date hereof without the consent of any holder of Series 2017-1 Senior Notes or any holder of any Notes of any other Class, Series or Tranche;

(e) be denominated in Canadian dollars;

(f) not be listed on any securities exchange;

(g) be issued in the form of a Global Note;

(h) be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;

(i) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;

(j) bear interest at a rate of ●% per annum;

(k) accrue interest from the later of: (i) ●, 2017 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Notes;

(l) have interest paid in equal semi-annual instalments **[(except the initial interest payment)]** on ● and ● each year (each, an "**Interest Payment Date**") commencing ●, 2018 in

respect of the Series 2017-1 Senior Notes issued prior to such date **[NTD: Interest Payment Dates to be considered in context of model]**;

(m) **[have an initial interest payment in the amount of $● per $1,000 principal amount payable on ●, 2018;]**

(n) mature on, and have ●, as their Principal Payment Due Date;

(o) have ● as their Principal Payment Default Date;

(p) have ● as their Principal Accumulation Commencement Date;

(q) have a Record Date for each Interest Payment Date that is the ● day preceding each Interest Payment Date;

(r) **[be redeemable and subject to repurchase as provided in Section 2.6 below]**; and

(s) **[not be subject to defeasance and covenant defeasance as contemplated by Section ● of the Trust Indenture] [be subject to defeasance and covenant defeasance in accordance with Section ● of the Trust Indenture].**

2.3 Delivery

On the date of issuance of the Series 2017-1 Senior Notes, Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2017-1 Senior Notes) will (i) on each Interest Payment Date, make payment of such interest, less any taxes required by law to be deducted or withheld, by wire transfer to each holder of a Series 2017-1 Senior Note as of the Record Date, or (ii) on the day that is two Business Days before each Interest Payment Date, forward or cause to be forwarded to the registered address of each holder of a Series 2017-1 Senior Note as of the Record Date a cheque for such interest, less any taxes required by law to be deducted or withheld, payable to the order of such holder. The payment by such wire transfer or forwarding of such cheque will satisfy and discharge the liability for interest upon such Series 2017-1 Senior Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid) unless any such cheque is not paid on presentation. Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

[On the] [At least one Business Day prior to the] Principal Payment Due Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of holders of Series 2017-1 Senior Notes on maturity on account of principal. The deposit of such funds will

satisfy and discharge the liability for principal of the Series 2017-1 Senior Notes to the extent of the sum represented thereby.

2.6 [Redemption and Repurchase

[**NTD: Customary redemption/repurchase mechanics to be added to Trust Indenture as per OPG MTN indenture. Redemption below contemplates a par call]**

(a) At its option, at any time prior to ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to the greater of (i) the Series 2017-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2017-1 Redemption Date. At any time on or after ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to par, together with accrued and unpaid interest to the Series 2017-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption. Less than all of the Series 2017-1 Senior Notes may be redeemed, if so redeemed, in accordance with Section ● of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2017-1 Senior Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Series 2017-1 Senior Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2017-1 Senior Notes may be purchased, if so purchased, for cancellation in accordance with Section ● of the Trust Indenture.

(c) The Series 2017-1 Senior Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2017-1 Noteholder and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section **[7.04]** or Section **[8.13]** of the Trust Indenture, shall be non-recourse other

than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

[NTD: Subject to tax review]

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (collectively, "**Taxes**"), excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other taxes based on or measured by the net income of any Series 2017-1 Noteholder (but specifically excluding any taxes required to be withheld under Section 1446 of the *Internal Revenue Code* of 1986 (as amended, the "**Code**")) as a result of a present or former connection between the recipient and the jurisdiction of the governmental authority imposing such tax (other than any such connection arising solely from the recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); and (ii) any Taxes imposed under FATCA (as defined below) (including in the case of (i) and (ii), any interest, penalties and additions to tax) (all such excluded taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a recipient hereunder, the amounts so payable to the recipient shall be increased, and the recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest and Fees shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a recipient, as promptly as possible thereafter the Issuer shall send to such recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to U.S. federal withholding Tax imposed by provisions of Chapter 4 of the Code ("**FATCA**") if the recipient of such payment were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with their obligations under FATCA and to determine that such recipient has complied with it's obligations under FATCA or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a recipient expires or becomes obsolete or inaccurate in any respect, the recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 2.8(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2017-1 Senior Notes

On or prior to the initial issuance of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 3.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party.

(c) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and the Global Note representing the Series 2017-1 Senior Notes shall have been executed and delivered to the Depository (or as it may direct) for deposit into its [**Book-Based System**] for the benefit of the [**Beneficial Holders**] upon receipt by the Indenture Trustee of a [**Written Order**].

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2017-1 Noteholder that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name and the Declaration of Trust has neither been amended nor rescinded other than as consented to by the holders of the Series 2017-1 Senior Notes;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(f) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects;

(g) there has been no material adverse change in the condition (financial or otherwise), business, operations, results of operations, or the property of the Issuer; and

(h) the Issuer does not own or hold, directly or indirectly, any shares or equity security of, or any equity interest in, any Person.

3.2 Survival

The representations and warranties set out in this Article 3 shall survive the execution hereof.

ARTICLE 4
GENERAL

4.1 Acceptance of Trust

The Indenture Trustee accepts the trusts in this Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Supplemental Indenture and in accordance with the Trust Indenture.

4.2 Confirmation of Trust Indenture

The Trust Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

4.3 Indenture Trustee Not Bound to Act

The Indenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Indenture Trustee, in its sole judgment, acting reasonably, determines that such act may cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline. Further, should the Indenture Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Supplemental Indenture has resulted in non-compliance with any applicable anti-money laundering, anti-terrorism or economic sanction legislation, regulation or guideline, then it shall have the right to resign pursuant to the terms of Section ● of the Trust Indenture, provided that (i) the Indenture Trustee's written notice of resignation shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

4.5 Specified Creditors

The Issuer and the Indenture Trustee (on behalf of the Series 2017-1 Noteholders) acknowledge and agree that the Series 2017-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.06 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.15 (Limited Recourse) and Section 17.01 (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

This Supplemental Indenture, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

4.11 Expenses

The Issuer agrees to pay on demand to the Indenture Trustee: (a) all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture; (b) all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and (iii) all reasonable costs and expenses (including reasonable fees and expenses of counsel), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that ● Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by facsimile or other electronic transmission of a manually signed counterpart.

4.15 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Trust Indenture as of the date first above written.

● **TRUST**, by ● **TRUST COMPANY OF CANADA**, as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

● **TRUST COMPANY OF CANADA**, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Code**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Excluded Taxes**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Government of Canada Yield**" on any date means, in respect of the Series 2017-1 Senior Notes to be redeemed, the yield from the Series 2017-1 Redemption Date to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● **[par call date]** (calculated from the Series 2017-1 Redemption Date) of the Series 2017-1 Senior Notes, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer;

"**Interest Payment Date**" has the meaning specified in Section 2.2(l) of this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 2.7

"**Requisite Series 2017-1 Noteholders**" means Series 2017-1 Noteholders holding, in aggregate, at least **[50]**% of the Series 2017-1 Senior Notes then Outstanding.

"Series 2017-1 Canada Yield Price" means a price equal to the price of the Series 2017-1 Senior Notes calculated to provide a yield to ● [**par call date**], compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2017-1 Redemption Date specified in the notice of redemption delivered pursuant to Section ● of the Trust Indenture, plus ●%;

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Redemption Date**" "means a date fixed for redemption of the Series 2017-1 Senior Notes pursuant to Section ● of the Trust Indenture.

"**Series 2017-1 Senior Note**" means any one of the Series 2017-1 Senior Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

"**Supplemental Indenture**" means this Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Taxes**" has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

From:	Ronald Kwan
To:	John Kim
Subject:	Fw: Fair Hydro Trust -- Term Closing
Date:	Tuesday, April 24, 2018 2:29:38 PM
Attachments:	Re Fair Hydro Plan - Deliveries under Change of Law Process Agreement.pdf

Hi,

Please review.

Ron

From: Anna Strathy
Sent: April 24, 2018 2:26 PM
To: Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc: Usman Zahid; Opal Kandelas
Subject: FW: Fair Hydro Trust -- Term Closing

FYI

From: Krasic, Aida (MOF) [mailto:Aida.Krasic@ontario.ca]
Sent: Tuesday, April 24, 2018 1:06 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hello Male,
Please find attached fax that DMO received from TORYS LLP regarding the Fair Hydro Plan –Deliveries under Change of Law Process Agreement.
As per Paul's email from Feb 9th, I am copying all on this email as well.
Thanks
Aida

From: Dupuis, Paul (MOF)
Sent: February 9, 2018 10:35 AM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Krasic, Aida (MOF) <Aida.Krasic@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Spadoni, Peter (MOF) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

This message has been archived. View the original item

Hi Malle,

As requested please see attached. I have also copied Karen Cook (MO Office Mgr) and Peter Spadoni (Mgr of MoF Correspondence) as it may have also been sent to their fax machines as it i

Attachments:

image001.jpg	(5 KB)
FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf	(1.3 MB)

900-1

TORYS LLP

FIN5167DM-2018-69

XRF: FIN5167DM-2018-15

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada
P. 416.865.0040 | F. 416.865.7380
www.torys.com

Date	April 23, 2018		
From	Brett Saulnier	**Direct Tel**	416-865-8148
Page(s)	30 (including this cover page)		39953-2002

Recipient	Fax Number	Tel Number
Ministry of Finance (Minister)	(416) 325-0374	
Ministry of Finance (Deputy)	(416) 325-1595	
Ministry of Energy (Minister)	(416) 327-6754	
Ministry of Energy (Deputy)	(416) 327-6755	

Comments See attached

RECEIVED
APR 24 2018
MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE

If there are problems with this transmission, please call the FAX department at 416.865.7692.

This communication, and any information or material transmitted with this communication, is intended only for the use of the intended recipients and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation, publication, dissemination, distribution, reproduction or other use of this communication, information or material is prohibited and may be illegal. If you received this communication in error, please notify us immediately by telephone or by return email, and delete the communication, information and material from any computer, disk drive, diskette or other storage device or media. Thank you.

TORYS LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada
P. 416.865.0040 | F. 416.865.7380
www.torys.com

Brett Saulnier
bsaulnier@torys.com
P. 416.865.8148

April 23, 2018

CONFIDENTIAL

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Deputy Minister of Finance

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1

Attention: Minister of Energy
Deputy Ministry of Energy

Dear Sirs/Mesdames:

Re: Fair Hydro Plan – Deliveries under Change of Law Process Agreement

Reference is made to the Change of Law Process Agreement dated as of December 21, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have their respective meanings in the Change of Law Process Agreement.

On April 24, Fair Hydro Trust (the "**Issuer**") will issue (i) C$400,000,000 aggregate principal amount of 3.52% Senior Notes due May 15, 2038, Series 2018-2 in accordance with the terms of an agency agreement dated as of April 19, 2018 among the Issuer, Ontario Power Generation Inc. ("**OPG**") and the dealers named therein, (ii) C$305,882,000 aggregate principal amount of 3.834% Subordinated Notes due May 15, 2038, Series 2018-2 and (iii) C$78,431,000 aggregate principal amount of 4.214% Junior Subordinated Notes due May 15, 2038, Series 2018-2 (collectively, the "**Funding Obligations**").

On behalf of Ontario Power Generation Inc. and pursuant to section 3.01 of the Change of Law Process Agreement, please find enclosed a Process Certificate in respect of the Funding Obligations.

On behalf of Ontario Power Generation Inc. and pursuant to section 2.01(c) of the Change of Law Process Agreement, please find enclosed one Special Payment Date Agreement in respect of each of the Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 among, *inter alios*, the Issuer, Royal Bank of Canada and BNY Trust Company of Canada (the "**Indenture Trustee**"), the Warehouse Subordinated Series 2017-1 Supplemental

Indenture dated as of December 21, 2017 among the Issuer, OPG and the Indenture Trustee and the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 among the Issuer, OPG and the Indenture Trustee (collectively, the "**Warehouse Facilities**"). Such Special Payment Date Agreements permit a partial repayment of the Warehouse Facilities using proceeds from the Funding Obligations on a date that is not the 15th day of a given calendar month and allow the decrease notice to be delivered within two business days of such repayment (rather than five business days).

Yours truly,

Brett Saulnier

Encl.

cc: Rima Ramchandani, *Torys LLP*
John Lee, *Ontario Power Generation Inc.*
Lubna Ladak, *Ontario Power Generation Inc.*
Clara Greco, *Ontario Power Generation Inc.*

25407780.3

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE (2018-2)

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: C$400,000,000 aggregate principal amount of 3.52% Senior Notes due May 15, 2038, Series 2018-2 (the "**Series 2018-2 Senior Notes**")

AND RE: C$305,882,000 aggregate principal amount of 3.834% Subordinated Notes due May 15, 2038, Series 2018-2 (the "**Series 2018-2 Subordinated Notes**")

AND RE: C$78,431,000 aggregate principal amount of 4.214% Junior Subordinated Notes due May 15, 2038, Series 2018-2 (the "**Series 2018-2 Junior Subordinated Notes**")

AND RE: Agency agreement between Fair Hydro Trust (the "**Issuer**"), Ontario Power Generation Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited dated as of April 19, 2018 (the "**Agency Agreement**" and together with the Series 2018-2 Senior Notes, the Series 2018-2 Subordinated Notes and the Series 2018-2 Junior Subordinated Notes, the "**Funding Obligations**")

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2018-2 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2018-2 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2018-2 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Agency Agreement are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. The Disclosure Document used in connection with the offering and sale of the Series 2018-2 Senior Notes is Substantially in the Form of the Reference Documentation. No Disclosure Document was used in connection with the offering and sale of the Series 2018-2 Subordinated Notes or Series 2018-2 Junior Subordinated Notes.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED as of the 24th day of April, 2018.

Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

Name: John Lee
Title: Vice President – Treasurer

[Signature page to Process Certificate (2018-2)]

SCHEDULE A

SERIES 2018-2 SENIOR NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$400,000,000
Interest Rate	3.52% per annum (the "Series 2018-2 Senior Interest Rate")
Interest Payments	The "Interest Payment Dates" for the Series 2018-2 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-2 Senior Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-2 Senior Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "MTI")) thereafter at a rate equal to the monthly equivalent of the Series 2018-2 Senior Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-2 Senior Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-2 Senior Notes will include accrued and unpaid interest for the period from, and including, April 24, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$2.02520548 per C$1,000 principal amount of Series 2018-2 Senior Notes. "Amortization Event" means either an Acceleration Event has occurred with respect to the Series 2018-2 Senior Notes, or the outstanding principal amount of the Series 2018-2 Senior Notes has not been paid in full on May 15, 2038. "Acceleration Event" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-2 Senior Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000.02 per C$1,000 principal amount of Series 2018-2 Senior Notes
Fees	See Schedule D under the heading "Fees"
Term to Maturity	20 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-2 Senior Notes shall be due and payable on May 15, 2038. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-2 Senior Notes and the then outstanding principal amount of the Series 2018-2 Senior Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2038 for the Series 2018-2 Senior Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-2 Senior Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-2 Senior Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-2 Senior Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix I hereto.
Extension	N/A
Redemption	The Series 2018-2 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-2 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "Par Call Date" means November 15, 2037. "Series 2018-2 Canada Yield Price" means a price equal to the price of the Series 2018-2 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.265% per annum. "Government of Canada Yield" on any date means, in respect of the Series 2018-2 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 1

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
June 15, 2037	C$33,333,333.33
July 15, 2037	C$33,333,333.33
August 15, 2037	C$33,333,333.33
September 15, 2037	C$33,333,333.33
October 15, 2037	C$33,333,333.33
November 15, 2037	C$33,333,333.33
December 15, 2037	C$33,333,333.33
January 15, 2038	C$33,333,333.33
February 15, 2038	C$33,333,333.33
March 15, 2038	C$33,333,333.33
April 15, 2038	C$33,333,333.33
May 15, 2038	C$33,333,333.37

SCHEDULE B

SERIES 2018-2 SUBORDINATED NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$305,882,000
Interest Rate	3.834% per annum (the "**Series 2018-2 Subordinated Interest Rate**")
Interest Payments	The "**Interest Payment Dates**" for the Series 2018-2 Subordinated Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-2 Subordinated Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-2 Subordinated Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "**MTI**")) thereafter at a rate equal to the monthly equivalent of the Series 2018-2 Subordinated Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-2 Subordinated Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-2 Subordinated Notes will include accrued and unpaid interest for the period from, and including, April 24, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$2.20586301 per C$1,000 principal amount of Series 2018-2 Subordinated Notes. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-2 Subordinated Notes, or the outstanding principal amount of the Series 2018-2 Subordinated Notes has not been paid in full on May 15, 2038. "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-2 Subordinated Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000 per C$1,000 principal amount of Series 2018-2 Subordinated Notes
Fees	N/A
Term to Maturity	20 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-2 Subordinated Notes shall be due and payable on May 15, 2038. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-2 Subordinated Notes and the then outstanding principal amount of the Series 2018-2 Subordinated Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2038 for the Series 2018-2 Subordinated Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-2 Subordinated Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-2 Subordinated Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-2 Subordinated Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 2 hereto.
Extension	N/A
Redemption	The Series 2018-2 Subordinated Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-2 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2037. "**Series 2018-2 Canada Yield Price**" means a price equal to the price of the Series 2018-2 Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.345% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-2 Subordinated Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 2

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
June 15, 2037	C$25,490,166.67
July 15, 2037	C$25,490,166.67
August 15, 2037	C$25,490,166.67
September 15, 2037	C$25,490,166.67
October 15, 2037	C$25,490,166.67
November 15, 2037	C$25,490,166.67
December 15, 2037	C$25,490,166.67
January 15, 2038	C$25,490,166.67
February 15, 2038	C$25,490,166.67
March 15, 2038	C$25,490,166.67
April 15, 2038	C$25,490,166.67
May 15, 2038	C$25,490,166.63

SCHEDULE C

SERIES 2018-2 JUNIOR SUBORDINATED NOTES TERM SHEET	
Principal Amount	Unlimited but initially C$78,431,000
Interest Rate	4.214% per annum (the "Series 2018-2 Junior Subordinated Interest Rate")
Interest Payments	The "Interest Payment Dates" for the Series 2018-2 Junior Subordinated Notes are as follows: (i) prior to the occurrence of an Amortization Event (as defined below), interest on the Series 2018-2 Junior Subordinated Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-2 Junior Subordinated Notes on each Payment Date (as defined in the Master Trust Indenture dated December 21, 2017 between the Issuer and BNY Trust Company of Canada, as supplemented (the "MTI")) thereafter at a rate equal to the monthly equivalent of the Series 2018-2 Junior Subordinated Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-2 Junior Subordinated Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-2 Junior Subordinated Notes will include accrued and unpaid interest for the period from, and including, April 24, 2018 to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event (as defined below), the first interest payment will be in an amount equal to C$2.424493.15 per C$1,000 principal amount of Series 2018-2 Junior Subordinated Notes. "Amortization Event" means either an Acceleration Event has occurred with respect to the Series 2018-2 Junior Subordinated Notes, or the outstanding principal amount of the Series 2018-2 Junior Subordinated Notes has not been paid in full on May 15, 2038. "Acceleration Event" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the MTI, or (ii) the outstanding principal amount of the Series 2018-2 Junior Subordinated Notes and all interest thereon is declared due and payable in accordance with the MTI as a result of the occurrence of certain events of default.
Issue Price	C$1,000 per C$1,000 principal amount of Series 2018-2 Junior Subordinated Notes
Fees	N/A
Term to Maturity	20 years
Amortization	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-2 Junior Subordinated Notes shall be due and payable on May 15, 2038. Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date (as defined in the MTI) in respect of the Series 2018-2 Junior Subordinated Notes and the then outstanding principal amount of the Series 2018-2 Junior Subordinated Notes shall be due and payable on each such Payment Date. A failure to pay principal on May 15, 2038 for the Series 2018-2 Junior Subordinated Notes will constitute an event of default upon the occurrence of which the holders of Series 2018-2 Junior Subordinated Notes may declare the outstanding principal and all accrued and unpaid interest on the Series 2018-2 Junior Subordinated Notes to be immediately due and payable. Subject to the occurrence of an Amortization Event, the Series 2018-2 Junior Subordinated Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix 3 hereto.
Extension	N/A
Redemption	The Series 2018-2 Junior Subordinated Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date (as defined below), the redemption price will be equal to the greater of (i) the Series 2018-2 Canada Yield Price (as defined below) and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "Par Call Date" means November 15, 2037. "Series 2018-2 Canada Yield Price" means a price equal to the price of the Series 2018-2 Junior Subordinated Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield (as defined below) calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus 0.440% per annum. "Government of Canada Yield" on any date means, in respect of the Series 2018-2 Junior Subordinated Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

APPENDIX 3

PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
June 15, 2037	C$6,535,916.67
July 15, 2037	C$6,535,916.67
August 15, 2037	C$6,535,916.67
September 15, 2037	C$6,535,916.67
October 15, 2037	C$6,535,916.67
November 15, 2037	C$6,535,916.67
December 15, 2037	C$6,535,916.67
January 15, 2038	C$6,535,916.67
February 15, 2038	C$6,535,916.67
March 15, 2038	C$6,535,916.67
April 15, 2038	C$6,535,916.67
May 15, 2038	C$6,535,916.63

SCHEDULE D

AGENCY AGREEMENT TERMS	
Appointment	The Issuer appoints the Agents to act as its sole and exclusive agents to effect the solicitation and private placement of Series 2018-2 Senior Notes to "accredited investors", as such term is defined under applicable securities laws, in the Provinces of Canada (the "Offering").
Fees	In consideration of the services provided to the Issuer by the Agents, the Issuer agrees to pay the Agents a fee equal to 0.55% of the aggregate principal amount of Series 2018-2 Senior Notes sold in the Offering.
Representations and Warranties	Representations and warranties in favour of the Agents from each of the Issuer and OPG customary for a private placement of notes, including representations that the disclosure document used in connection with the Offering does not contain a "misrepresentation", as such term is defined under applicable securities laws.
Conditions to Closing	As conditions to the closing of the Offering, the Issuer must provide, or arrange to have provided, certain standard certificates, legal opinions and other deliverables to the Agents.
Termination	The Agents have customary rights to terminate their obligations on the occurrence of certain events, including legal or other proceedings resulting in a material adverse change, a material adverse change in respect of the Issuer and financial disasters.
Indemnity	Each of the Issuer and OPG provides an indemnity to each of the Agents for any losses resulting from, among other things, breaches of representations, warranties and covenants, breaches of securities laws or a "misrepresentation" in the disclosure document used in connection with the Offering.

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT (2018-2)
(Senior Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Senior Series 2017-1 Supplemental Indenture (the "**Senior Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about April 24, 2018 of Senior Notes bearing the full designation "3.52% Senior Notes due May 15, 2038, Series 2018-2" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Senior Warehouse Supplemental Indenture, the date of issuance of the Senior Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Senior Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $400,000,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Senior Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Senior Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Senior Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4(a) of the Senior Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Senior Notes. If the Special Principal Payment Date has not

occurred by May 15, 2018 this Special Principal Payment Date Agreement shall cease to be of any force and effect.

7. Except as modified hereby, the provisions of the Senior Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Each Series 2017-1 Senior Noteholder acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 20th day of April, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

[Signature page to Special Principal Payment Date Agreement (2018-2) – Senior Warehouse]

S-2

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name: Ahmad Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement (2018-2) – Senior Warehouse]

ROYAL BANK OF CANADA, as Administrative Agent

By: _____
Name: Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: NUR KHAN
MANAGING DIRECTOR

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

By: _____
Name: Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: NUR KHAN
MANAGING DIRECTOR

ROYAL BANK OF CANADA, as a Group Bank

By: _____
Name: Ian Benaiah
Title: Authorized Signatory

By: _____
Name:
Title: NUR KHAN
MANAGING DIRECTOR

S-4

CANADIAN IMPERIAL BANK OF COMMERCE, as a Group Bank

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE**, as a CP Conduit Purchaser

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE**, as a CP Conduit Purchaser

By: _____
Name: Andrew Maciel
Title: Authorized Signatory

By: _____
Name: Sunil Adalja
Title: Authorized Signatory

S-5

GOLDMAN SACHS BANK USA,
as a Non-Conduit Purchaser

By: _____
Name: Charles D. Johnston
Title: Authorized Signatory

By: _____
Name:
Title:

[Signature page to Special Principal Payment Date Agreement (2018-2) – Senior Warehouse]

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT (2018-2)
(Subordinated Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Subordinated Series 2017-1 Supplemental Indenture (the "**Subordinated Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about April 24, 2018 of Subordinated Notes bearing the full designation "3.834% Subordinated Notes due May 15, 2038, Series 2018-2" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Subordinated Warehouse Supplemental Indenture, the date of issuance of the Subordinated Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Subordinated Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $305,882,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Subordinated Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Subordinated Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Subordinated Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4 of the Subordinated Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Subordinated Notes. If the Special Principal Payment Date has not occurred by May 15, 2018 this Special Principal Payment Date Agreement shall cease to be of any force and effect.

7. Except as modified hereby, the provisions of the Subordinated Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Ontario Power Generation Inc. acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 20th day of April, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President - Treasurer

[Signature page to Special Principal Payment Date Agreement (2018-2) – Subordinated Warehouse]

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name: Ahmad Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement (2018-2) – Subordinated Warehouse]

ONTARIO POWER GENERATION INC.

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and
Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

[Signature page to Special Principal Payment Date Agreement (2018-2) – Subordinated Warehouse]

SPECIAL PRINCIPAL PAYMENT DATE AGREEMENT (2018-2)
(Junior Subordinated Warehouse Supplemental Indenture)

Reference is made to:

(a) the Trust Indenture dated as of December 21, 2017 (the "**Trust Indenture**") between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee;

(b) the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture (the "**Junior Subordinated Warehouse Supplemental Indenture**") made as of December 21, 2017 between the undersigned signatories to this Special Principal Payment Date Agreement;

(c) an expected issuance on or about April 24, 2018 of Junior Subordinated Notes bearing the full designation "4.214% Junior Subordinated Notes due May 15, 2033, Series 2018-1" pursuant to a new Supplemental Indenture to be entered into (the "**Expected Term Issuance**").

Terms with initial capital letters in this Special Principal Payment Date Agreement have the meanings given to them in, or for the purposes of, the Senior Warehouse Supplemental Indenture and the Trust Indenture.

The undersigned hereby agree as follows:

1. Notwithstanding the terms of the Junior Subordinated Warehouse Supplemental Indenture, the date of issuance of the Junior Subordinated Notes pursuant to the Expected Term Issuance (the "**Special Principal Payment Date**") will be a Principal Payment Date and a Decrease Date as such terms are defined under, and for the purposes of, the Junior Subordinated Warehouse Supplemental Indenture.

2. Each of the Principal Payment Amount and the Decrease Amount for such Special Principal Payment Date shall be $78,431,000.

3. Proceeds of the Expected Term Issuance will be applied pursuant to the provisions of the Trust Indenture and the Junior Subordinated Warehouse Supplemental Indenture to the payment of the Principal Payment Amount.

4. For greater certainty, it is acknowledged that the Special Principal Payment Date will not be an Interest Payment Date under the Junior Subordinated Warehouse Supplemental Indenture and that accrued interest in respect of the principal amount of the Series 2017-1 Junior Subordinated Notes repaid on the Special Principal Payment Date will be paid on the next Payment Date.

5. Notwithstanding Section 3.4 of the Junior Subordinated Warehouse Supplemental Indenture, the Decrease Notice in respect of the Decrease occurring on the Special Principal Payment Date may be delivered no later than the second Business Day prior to the Special Principal Payment Date.

6. This Special Principal Payment Date Agreement applies only to the proceeds of the Expected Term Issuance and shall not be relied upon to complete any other repayment of principal of Series 2017-1 Junior Subordinated Notes. If the Special Principal Payment Date has not occurred by May 15, 2018 this Special Principal Payment Date Agreement shall cease to be of any force and effect.

7. Except as modified hereby, the provisions of the Junior Subordinated Warehouse Supplemental Indenture remain in full force and effect unamended.

8. Ontario Power Generation Inc. acknowledges and consents to the foregoing and directs the Indenture Trustee to enter into this Special Principal Payment Date Agreement.

[Signature Page Follows]

DATED this 20th day of April, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer by ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President - Treasurer

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name: Ahmad Adam
Title: Vice-President

[Signature page to Special Principal Payment Date Agreement(2018-2) – Junior Subordinated Warehouse]

ONTARIO POWER GENERATION INC.

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President – Treasurer

[Signature page to Special Principal Payment Date Agreement (2018-2) – Junior Subordinated Warehouse]

From:	Ronald Kwan
To:	Gadi Mayman
Subject:	Fwd: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 9:24:28 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v07Clean_MOFLSBCEFD v3.docx ATT00001.htm

---

Hi Gadi,

FYI.

And Happy New Year!

Ron

Begin forwarded message:

From: John Kim <John.Kim@ofina.on.ca>
Date: January 3, 2018 at 7:13:25 PM EST
To: 'LEE John -TREASURY' <john.s.lee@opg.com>, 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>, '"lubna.ladak@opg.com"' <lubna.ladak@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, '"Talwar, Shruti (ENERGY)"' <Shruti.Talwar@ontario.ca>, '"j.hahnparker@opg.com"' <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Attached is with MOF LSB comments consolidated.

From: John Kim
Sent: January-03-18 3:16 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Sorry, forgot to copy Ron….must be the jetlag from my recent trip.

From: John Kim

Sent: Wednesday, January 03, 2018 2:44 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken - TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi,

Pls. see attached with our suggested comment additions in red. We are still waiting for comments from MOF Legal, if any.

Thanks,

John

Begin forwarded message:

> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** January 3, 2018 at 10:25:21 AM EST
> **To:** John LEE <john.s.lee@opg.com>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken - TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject: Re: Draft Fair Hydro Investor Presentation.**
>
> Hi,
>
> And we'll have a couple comments as well, and we looped in MOF Legal to take a quick look too.
>
> Thanks,
> Ron
>
> On Jan 3, 2018, at 10:15 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>
> > Hi John:
> > I think Ken caught the main issues on my side as well.

Mike

From: Ken Kandeepan
Sent: Wednesday, January 03, 2018 10:00 AM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken - TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Hi John

Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.

<!--[if !supportLists]-->• <!--[endif]-->Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC

<!--[if !supportLists]-->• <!--[endif]-->Page 25 - Change of law Process Agreement; I would add that the PAM is set and updated by the Financing Plan.

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken - TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6,
Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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Fair Hydro Investor Presentation Comments

Slide #	Reference	Comment
Disclaimers	Last par.	How will this presentation be used, and is it in conjunction with the offering memorandum? [MOF LSB]
Slide 4	Images	Consider removing the nuclear and large hydro images as the plan only covers costs from renewables procurements, gas and conservation.
Slide 6	First bullet	Suggest using "proxy consumer" instead of "average" in this context, which would be more accurate and consistent with legislation as covered later in the presentation.[MOF LSB: Where is Proxy Consumer explained?]
Slide 6	Second bullet	Suggest changing "8% rebate in the provincial portion…" to " 8% rebate equivalent to the provincial portion…".
Slide 6	Third bullet	Language suggest that bills will increase back to status quo in 2021 – suggest adding language regarding increases back up to and past the status quo over time.
Slide 7	First bullet	Consider replacing the phrase starting from "in an amount…" with "in such an amount that the total OPG-held subordinated debt does not exceed 49% of all outstanding debt", for clarity.
Slide 11	First bullet	Suggest rewording to the following: "As part of the restructuring of Ontario's electricity industry under the Energy Competition Act, 1998, the municipal electricity utilities became municipally-owned business corporations, including local distribution companies ("LDCs")." – Some LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners."
Slide 14	Second bullet	Consider replacing "previously established regulated rate" with "regulated rate established in the first year of the Rate Reduction Period".
Slide 14	Last bullet	Similar to comment on Slide 6 above, suggest referencing increases back up to and beyond status quo beyond the moratorium period~~over time~~.
Slide 15	Third bullet of Moratorium Period section	Consider adding in the words "in favour of the Trust" at the end of the bullet [IESO Security Agreement].
Slide 15	Last bullet	The $2 billion credit facility is provided by the Ontario Financing Authority, not the OEFC. Also, consider rewording so as not to suggest that the $2 billion facility is solely for "carrying costs". Also, suggest that the last clause on security be a stand-alone bullet, not part of the OFA credit facility bullet, and should come before the other part of this bullet (i.e., become the third bullet of this section).

Slide 16	Second bullet	Consider rephrasing to align better with the offering memorandum and legislation.
Slide 16	Third bullet	Consider adding in the word "mainly" before "in respect of …" [see O.Reg. 206/17 section 5]. [MOF LSB: This is a defined term in the Act.]
Slide 16	Bill image	Consider removing as text description should be sufficient.
Slide 17	Second bullet	Consider replacing the words "dealt with" with "mitigated" to avoid suggesting that the risk is eliminated.
Slide 17	Number 2 in the process chart	Consider adding in the word "amount" at the end [O.Reg. 206/17 section 8(2)].
Slide 17	Number 6 in the process chart	Consider replacing the words "in a trust" with "in trust" [FHPA section 16(3)].
Slide 18	Chart	Consider adding explanation of readjustment amount.
Slide 20	Chart	Should the Province's indemnity to OPG [& IESO] be referred to here? [MOF LSB] Also consider whether Management Agreement should be included? [MOF LSB]
Slide 20	OEB's relationship with OPG in the diagram	Consider replacing "review of OPG Fees" with "review and approval of OPG Fees" to better align with the language in O. Reg. 206/17. Consider replacing "Management Agreement" with "Regulation".
Slide 20	IESO's relationship with the Fair Hydro Trust	Note that the Acknowledgement and Indemnity Agreement is made to the Indenture Trustee. Consider editing to avoid confusion.
Slide 20	Ontario Caption	Suggest just having "Province of Ontario" (i.e., omit "(Ministry of Energy)") [MOF LSB: Agree, as MOF is also signatory to some agreements.]
Slide 21	"Suspension Notice"	May wish to consider noting in the sentence that post-suspension refinancing is covered by the guarantee. As this was something Torys made a point of including in the agreement for financeability, suggest including for investors.
Below is a track changes on slides 21 and 22		
Change of Law Protection Agreement		
Parties	• Province of Ontario ~~as Obligor~~ and (2) Indenture Trustee as trustee of the FHT, on behalf of Specified Creditors, ~~as Beneficiaries~~ and (3) OPG as Financial Services Manager ("FSM")	
Purpose	• Provides assurance to Specified Creditors ~~investors~~ that upon the occurrence of a Protection Event, the Province of Ontario will ~~have an obligation to make~~ pay~~ments~~ Approved Obligations on behalf of the Trust, with [limited rights of acceleration][NTD: Consider how to phrase acceleration issue].	
Key Terms	• Term: Continues for as long as any obligations of the Trust that are secured under the	

	Master Trust Indenture (MTI) remain outstanding [MOF LSB: Only if such amounts are covered by the Limited Guarantee] • Mandatory Payment: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved ~~o~~Obligations when due and payable • Priority of Payments: The priority of payments is governed by the waterfall provision under the MTI • Adherence Conditions: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from C~~c~~hange in ~~l~~Law ~~p~~Protection Agreement from the Province • Suspension Notice: The Province may deliver a suspension notice upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM, and any new funding ~~after which date~~ funding obligations that are incurred after the date of a suspension notice will not have the benefit of the Change of Law Protection, ~~upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM~~ [MOF LSB: Should the pre-approved refinancing provisions be referred to here?]
Protection Events	The occurrence of any of the following events: • The Legislature repeals (and does not replace on an equivalent basis) or amends the FHP Act or any portion thereof as in effect on the date hereof • The Legislature enacts or amends any other statute • The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof • The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof • The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province • A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is ultra vires or invalid in a way that adversely affects the ability of the Trust to adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable~~pay its obligations~~ in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

Slide 23	Key Terms – Moratorium Period (bullet 3)	Consider replacing "(until May 1, 2021)" to "(until April 30, 2021) and up to July 31, 2021" [see section 21(4) of FHPA and section 9.1 of O. Reg. 206/17]. Consider removing "which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period", since this is not expressly provided in the MTSA [also see section 16 of O. Reg. 206/17].
Slide 28	Third bullet	Consider replacing "fit under the fair allocation curve" with "ensure reasonable alignment with fair allocation amounts". [see paragraph 1 of section 21(3) of FHPA].
Slide 31	Chart	The post-FHP bill should not follow the status quo trajectory between 2025 and 2028 – bill should be above status quo including rebates as the FAA is positive for those years (Fair Adjustment would be used to offset the majority of the CEA but the amount of the FAA would remain).
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Slide 36	Guarantor	Should this refer to a limited guarantee to make relationship clear? [MOF LSB]
Slide 38	Political Risk	Consider reviewing the characterization of the risk to align with the risk as described in the Agreements.
Slide 38	Third bullet	Please note reference to ability to disconnect service for non-payment by LDCs isn't fully reflective of the requirement, consider revising to be more reflective of the actual mechanism.

From:	Ronald Kwan
To:	John Kim
Subject:	Fwd: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 3:59:50 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions.docx ATT00001.htm

---

Hi John,

Please review and consolidate comments.

Thanks,
Ron

Begin forwarded message:

From: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>
Date: January 3, 2018 at 3:46:58 PM EST
To: "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Cc: "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Ron,

Please find attached our comments on the investor presentation deck. We have added our comments in track changes to the word document with the other comments.

Mike and Ken, we are also wondering if you have heard anything new about the timing of the term deal and whether there are any documents that have been circulated that we can start to look at.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January 3, 2018 2:28 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Malle, Toby,

Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?

Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.

Thanks, and a Happy New Year to you both.

Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 11:39 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Ron, here's the presentation. They're looking for comments this week.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 | 416.592.6392 | john.s.lee@opg.com

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This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Fair Hydro Investor Presentation Comments

Slide #	Reference	Comment
Disclaimers	Last par.	How will this presentation be used, and is it in conjunction with the offering memorandum?
Slide 4	Images	Consider removing the nuclear and large hydro images as the plan only covers costs fro~~r~~m renewables procurements, gas and conservation. [MOF LSB: Can we confirm whether this is true?]
Slide 6	First bullet	Suggest using "proxy consumer" instead of "average" in this context, which would be more accurate and consistent with legislation as covered later in the presentation.[MOF LSB: Where is Proxy Consumer explained? I am not sure what it means.]
Slide 6	Second bullet	Suggest changing "8% rebate in the provincial portion…" to " 8% rebate equivalent to the provincial portion…".
Slide 6	Third bullet	Language suggest that bills will increase back to status quo in 2021 – suggest adding language regarding increases back up to and past the status quo over time.
Slide 7	First bullet	Consider replacing the phrase starting from "in an amount…" with "in such an amount that the total OPG-held subordinated debt does not exceed 49% of all outstanding debt", for clarity.
Slide 11	First bullet	Suggest rewording to the following: "As part of the restructuring of Ontario's electricity industry under the Energy Competition Act, 1998, the municipal electricity utilities became municipally-owned business corporations, including local distribution companies ("LDCs")." – Some LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners."
Slide 14	Second bullet	Consider replacing "previously established regulated rate" with "regulated rate established in the first year of the Rate Reduction Period".
Slide 14	Last bullet	Similar to comment on Slide 6 above, suggest referencing increases back up to and beyond status quo beyond the moratorium period~~over time~~.
Slide 15	Third bullet of Moratorium Period section	Consider adding in the words "in favour of the Trust" at the end of the bullet [IESO Security Agreement]. Also, can we clarify whether the $2 billion credit facility is provided by the OFA or the OEFC? Who is the actual lender? [MOF LSB: Our understanding is that this credit facility comes from the OFA, not the OEFC.
Slide 15	Last bullet	It's "Ontario Electricity Financial Corporation" (i.e., not "Financing"). [MOF LSB: But likely the reference to the OEFC should be deleted in any event since the credit facility comes from the OFA, as far as we understand it.] Also, consider rewording so as not to suggest that the $2 billion facility is solely for "carrying costs".

		Also, suggest that the last clause on security be a stand-alone bullet, not part of the OEF credit facility bullet, and should come before the other part of this bullet (ie, become the third bullet of this section).
Slide 16	Second bullet	Consider rephrasing to align better with the offering memorandum and legislation.
Slide 16	Third bullet	Consider adding in the word "mainly" before "in respect of …" [see O.Reg. 206/17 section 5]. [MOF LSB: This is a defined term in the Act.]
Slide 16	Bill image	Consider removing as text description should be sufficient.
Slide 17	Second bullet	Consider replacing the words "dealt with" with "mitigated" to avoid suggesting that the risk is eliminated.
Slide 17	Number 2 in the process chart	Consider adding in the word "amount" at the end [O.Reg. 206/17 section 8(2)].
Slide 17	Number 6 in the process chart	Consider replacing the words "in a trust" with "in trust" [FHPA section 16(3)].
Slide 18	Chart	Consider adding explanation of readjustment amount.
Slide 20	Chart	Should the Province's indemnity to OPG [& IESO] be referred to here? Also consider whether Management Agreement should be included?
Slide 20	OEB's relationship with OPG in the diagram	Consider replacing "review of OPG Fees" with "review and approval of OPG Fees" to better align with the language in O. Reg. 206/17. Consider replacing "Management Agreement" with "Regulation".
Slide 20	IESO's relationship with the Fair Hydro Trust	Note that the Acknowledgement and Indemnity Agreement is made to the Indenture Trustee. Consider editing to avoid confusion.
Slide 20	Ontario Caption	Suggest just having "Province of Ontario" (i.e., omit "(Ministry of Energy)") [MOF LSB: Agree, as MOF is also signatory to some agreements.]
Slide 21	"Suspension Notice"	May wish to consider noting in the sentence that post-suspension refinancing is covered by the guarantee. As this was something Torys made a point of including in the agreement for financeability, suggest including for investors.
Below is a track changes on slides 21 and 22		
Change of Law Protection Agreement		
Parties	• Province of Ontario ~~as Obligor~~ and (2) Indenture Trustee as trustee of the FHT, on behalf of Specified Creditors, ~~as Beneficiaries~~ and (3) OPG as Financial Services Manager ("FSM")	
Purpose	• Provides assurance to Specified Creditors ~~investors~~ that upon the occurrence of a Protection Event, the Province of Ontario will ~~have an obligation to make~~ pay~~ments~~ Approved Obligations on behalf of the Trust, with [limited rights of acceleration][NTD: Consider how to phrase	

	acceleration issue].	
Key Terms	• Term: Continues for as long as any obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding [MOF LSB: Only if such amounts are covered by the Limited Guarantee] • Mandatory Payment: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved ~~o~~Obligations when due and payable • Priority of Payments: The priority of payments is governed by the waterfall provision under the MTI • Adherence Conditions: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from C~~c~~hange in ~~l~~Law ~~p~~Protection Agreement from the Province • Suspension Notice: The Province may deliver a suspension notice upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM, and any new funding ~~after which date~~ funding obligations that are incurred after the date of a suspension notice will not have the benefit of the Change of Law Protection, ~~upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM~~ [MOF LSB: Should the pre-approved refinancing provisions be referred to here?]	
Protection Events	The occurrence of any of the following events: • The Legislature repeals (and does not replace on an equivalent basis) or amends the FHP Act or any portion thereof as in effect on the date hereof • The Legislature enacts or amends any other statute • The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof • The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof • The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province • A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is ultra vires or invalid in a way that adversely affects the ability of the Trust to adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable~~pay its obligations~~ in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount	
Slide 23	Key Terms – Moratorium Period (bullet 3)	Consider replacing "(until May 1, 2021)" to "(until April 30, 2021) and up to July 31, 2021" [see section 21(4) of FHPA and section 9.1 of O.

		Reg. 206/17]. Consider removing "which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period", since this is not expressly provided in the MTSA [also see section 16 of O. Reg. 206/17].
Slide 28	Third bullet	Consider replacing "fit under the fair allocation curve" with "ensure reasonable alignment with fair allocation amounts". [see paragraph 1 of section 21(3) of FHPA].
Slide 31	Chart	The post-FHP bill should not follow the status quo trajectory between 2025 and 2028 – bill should be above status quo including rebates as the FAA is positive for those years (Fair Adjustment would be used to offset the majority of the CEA but the amount of the FAA would remain).
Slide 33	Acceleration Bullet	Should this reference cap in regulation?
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Slide 38	Political Risk	Consider reviewing the characterization of the risk to align with the risk as described in the Agreements.
Slide 38	Third bullet	Please note reference to ability to disconnect service for non-payment by LDCs isn't fully reflective of the requirement, consider revising to be more reflective of the actual mechanism.

From:	Ronald Kwan
To:	John Kim
Subject:	Fwd: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 2:26:51 PM

Hi John,

FYI. And would you respond to all, with our suggested comment additions in red attached, noting that we are still waiting for any comments from MOF Legal.

Thanks,
Ron

Begin forwarded message:

> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** January 3, 2018 at 10:25:21 AM EST
> **To:** John LEE <john.s.lee@opg.com>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject: Re: Draft Fair Hydro Investor Presentation.**
>
> Hi,
>
> And we'll have a couple comments as well, and we looped in MOF Legal to take a quick look too.
>
> Thanks,
> Ron
>
> On Jan 3, 2018, at 10:15 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>
> > Hi John:
> > I think Ken caught the main issues on my side as well.
> >
> > Mike
> >
> > ---
> >
> > **From:** Ken Kandeepan
> > **Sent:** Wednesday, January 03, 2018 10:00 AM
> > **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>
> > **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -

TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Hi John

Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.

- <!--[if !supportLists]-->• <!--[endif]-->Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC
- <!--[if !supportLists]-->• <!--[endif]-->Page 25 - Change of law Process Agreement; I would add that the PAM is set and updated by the Financing Plan.

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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From:	Ronald Kwan
To:	Mike Manning; Ken Kandeepan
Subject:	Fwd: Draft Fair Hydro Investor Presentation.
Date:	Tuesday, January 02, 2018 4:37:41 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229.docx ATT00001.htm

---

Hi Mike, Ken,

Do you have any comments? I'll take a look at it tonight.

Ron

Begin forwarded message:

> **From:** "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>
> **Date:** January 2, 2018 at 3:39:26 PM EST
> **To:** "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>
> **Subject: FW: Draft Fair Hydro Investor Presentation.**
>
> Ron, here are the comments we have sent on the presentation. Do you know when/if Finance will be sending theirs? OPG was asking.
>
> Tim
>
> ---
>
> **From:** Christie, Tim (ENERGY)
> **Sent:** January-02-18 3:39 PM
> **To:** 'LEE John -TREASURY'
> **Cc:** Cayley, Daniel (ENERGY); 'LAURETA LAPIRA May -TREASURY'
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> With the attachment.
>
> ---
>
> **From:** Christie, Tim (ENERGY)
> **Sent:** January-02-18 3:38 PM
> **To:** 'LEE John -TREASURY'
> **Cc:** Cayley, Daniel (ENERGY); LAURETA LAPIRA May -TREASURY
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> John, here are the comments on the investor presentation.
>
> Tim
>
> ---
>
> **From:** LEE John -TREASURY [mailto:john.s.lee@opg.com]
> **Sent:** December-21-17 5:33 PM
> **To:** Christie, Tim (ENERGY)
> **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
> **Subject:** Draft Fair Hydro Investor Presentation.

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John

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Fair Hydro Investor Presentation Comments

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Slide 17	Number 6 in the process chart	Consider replacing the words “in a trust” with “in trust” [FHPA section 16(3)].
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	the Fair Hydro Trust	
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Slide 38	Third bullet	Please note reference to ability to disconnect service for non-payment by LDCs isn't fully reflective of the requirement, consider revising to be more reflective of the actual mechanism.

From:	Ronald Kwan
To:	Gadi Mayman
Subject:	Fwd: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 9:25:21 PM
Attachments:	Appendix 1 Fair Hydro Trust Draft Investor Presentation - Dec 21 to ARC.pdf ATT00001.htm

---

Hi Gadi,

FYI, in case you had not seen it.

Ron

Begin forwarded message:

> **From:** "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>
> **Date:** January 2, 2018 at 11:38:56 AM EST
> **To:** "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>
> **Subject: FW: Draft Fair Hydro Investor Presentation.**
>
> Hi Ron, here's the presentation. They're looking for comments this week.
>
> Tim
>
> ---
>
> **From:** LEE John -TREASURY [mailto:john.s.lee@opg.com]
> **Sent:** December-21-17 5:33 PM
> **To:** Christie, Tim (ENERGY)
> **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
> **Subject:** Draft Fair Hydro Investor Presentation.
>
> Tim:
>
> As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.
> The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.
>
> Have a Merry Christmas.
>
> John
>
> **John Lee | Vice President Treasurer |**
> Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |

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Fair Hydro Trust
Investor Presentation

January [xx], 2018

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Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer &
Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan ("FHP") on March 2nd, 2017, which proposed to lower the average electricity bill for eligible customers[1] (referred to as "Specified Consumers") by 25% (the "Fair Adjustment") • The 25% reduction includes an 8% rebate in the provincial portion of the HST granted by the Ontario government in January 2017 • It is expected that the rate reduction will be in effect to April 30, 2021, with any rate increases over that period limited to the rate of inflation in Ontario
Legislation	• On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "FHPA" or "Act"), legislation that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers • The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment ("CEA") that will be determined by Ontario Power Generation ("OPG") in its role as Financial Services Manager under the Act • The CEA will be determined for each six month reference period and converted by the Ontario Energy Board ("OEB") into a $/kWh rate and added to electricity invoices sent to Specified Consumers commencing on May 1, 2021 • From July 1, 2017 until April 30, 2021 (the "Moratorium Period"), no CEA will be collected; during this period the Independent Electricity System Operator ("IESO") is obligated to pay all funding costs (excluding principal) under the Regulations
Fair Hydro Trust ("FHT")	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior and subordinated notes • Structured to be bankruptcy remote and ring fenced from OPG

[1] Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt of the Trust in an amount not to exceed 49% of all outstanding debt

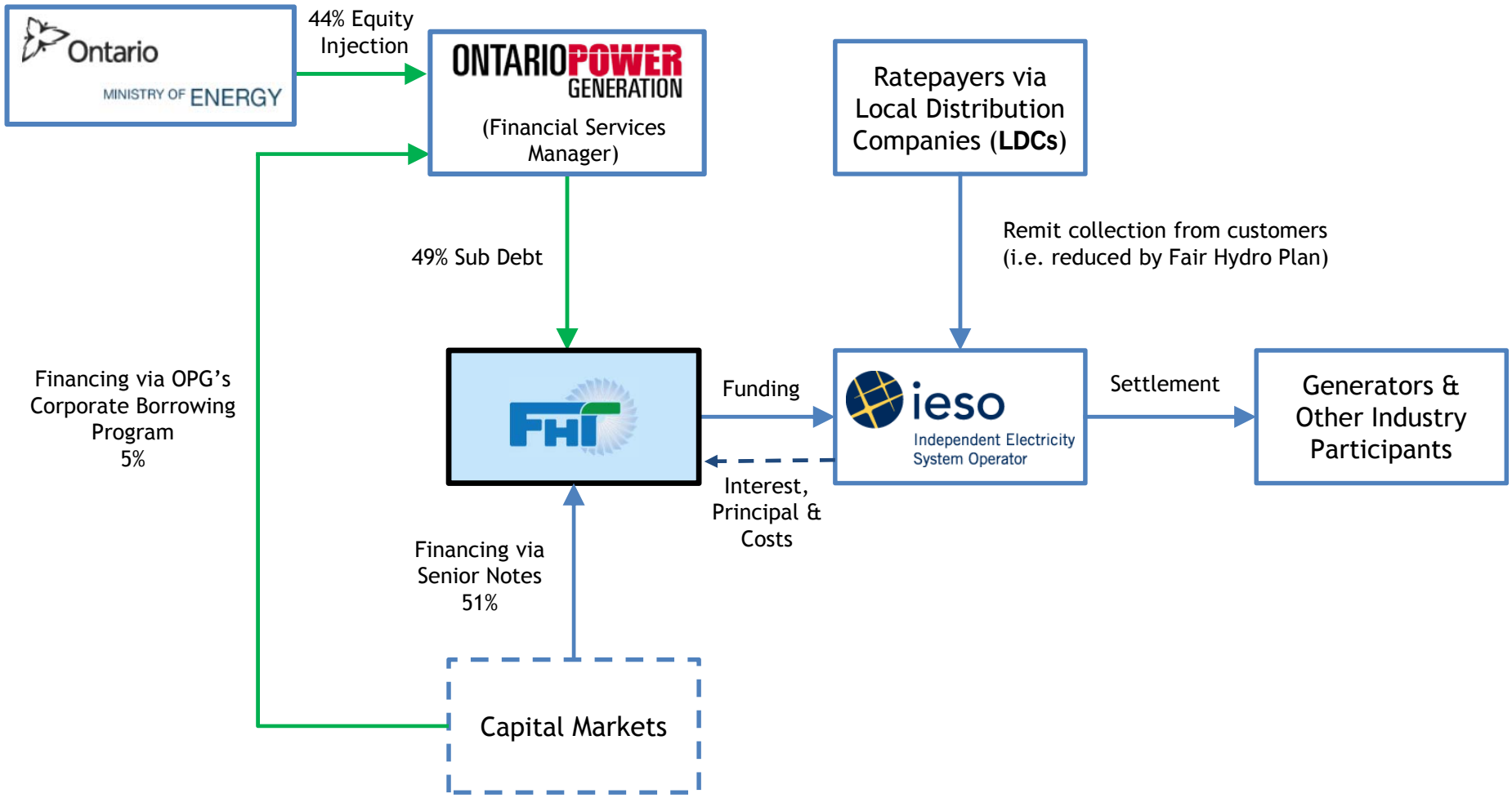

Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to not include the assets and liabilities of OPG, and vice versa

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in annual cash flows
- Transmission rates, distribution rates, and OPG's regulated rates are set by the Ontario Energy Board
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

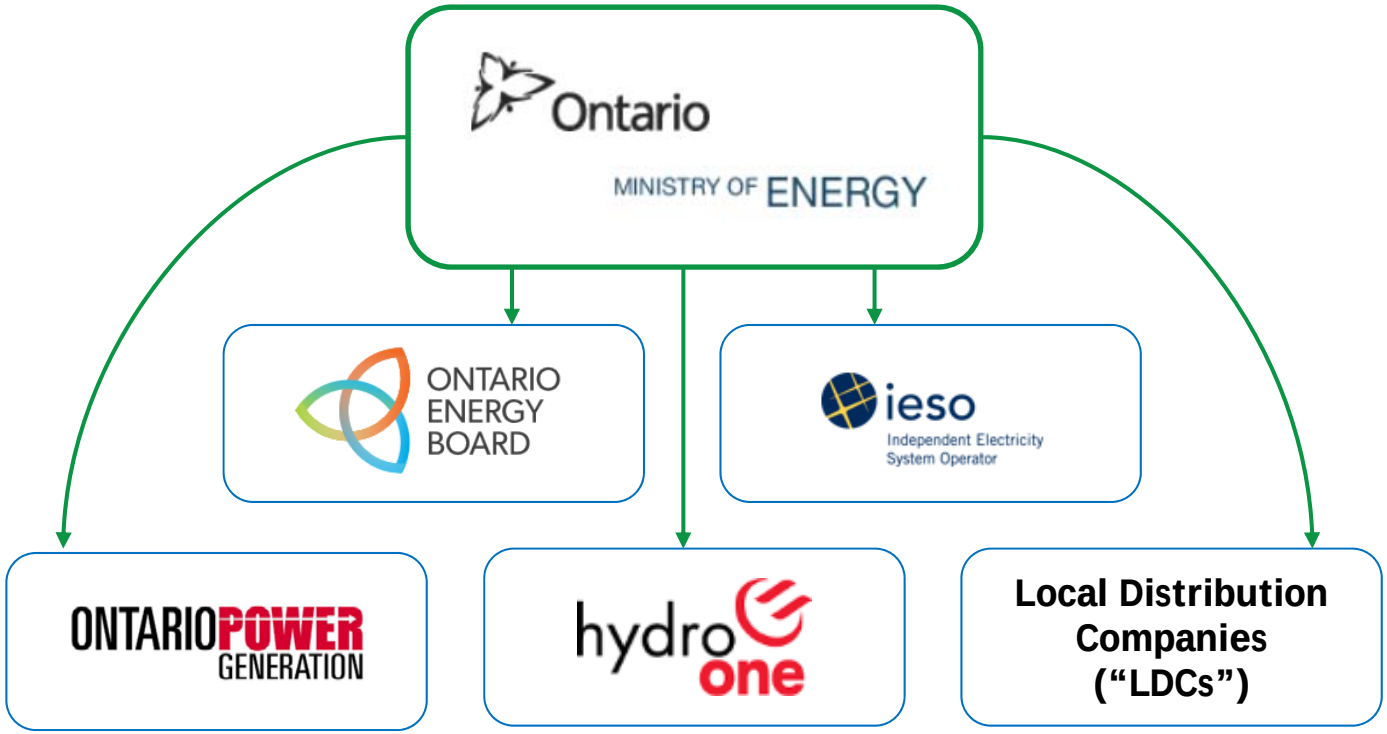

Key Industry Participants

Participant	Rating *(DBRS / S&P / Moody's)*	Description
ONTARIO ENERGY BOARD	--	• The OEB is an independent public regulatory agency established under the Ontario Energy Board Act, 1998 • The Ontario Energy Board Act, 1998 provides the OEB with the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • The OEB sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan ("RPP"); RPP rates are set twice a year (May and November) • RPP prices are set for: time-of-use (On-peak, Mid-peak, and Off-peak); and tiered (Tier 1 and Tier 2), to recover the forecast commodity cost of electricity
ieso Independent Electricity System Operator	A(h) / -- / Aa2	• The Independent Electricity System Operator (the "IESO") is a not-for-profit corporation established under the Electricity Act, 1998 • The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
ONTARIO POWER GENERATION	A(l) / BBB+ / --	• OPG is a corporation formed under the Business Corporation Act (Ontario), whose sole shareholder is the Province of Ontario • OPG's principal business is the generation and sale of electricity in Ontario • OPG is Ontario's largest electricity generator, providing approximately half of Ontario's electricity
hydro one	A(h) / A / A3	• Hydro One is Ontario's largest electricity transmission and distribution company; Hydro One delivers electricity to over 1.3 million customers across the Province of Ontario, and to large industrial customers and municipal utilities

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations
  - These distributors are typically referred to in Ontario as local distribution companies, or "LDCs"
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors
  - A service territory may cover large portions of all of a particular municipality, or an otherwise-defined geographic area
  - Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals

Select Aggregate Market Stats[1]

Number of LDCs	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with financing costs, in a variance account
- FHT will finance the shortfall and is entitled to recover its costs through CEAs from Specified Consumers

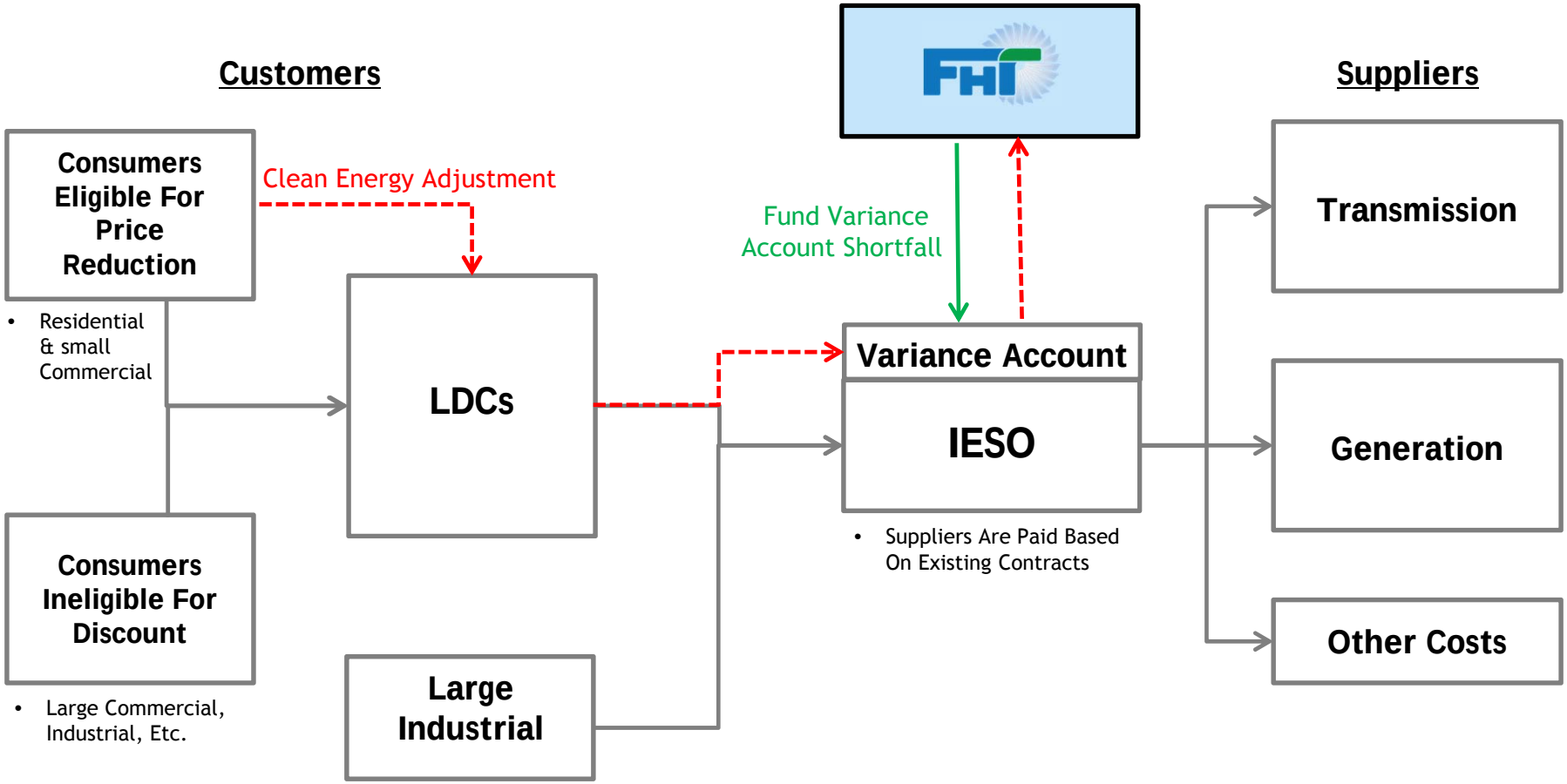

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiative; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• *July 1, 2017 – April 30, 2018* – Specified Consumers charged an invoice amount that is 25% less than the regulated rate that would otherwise have been determined by the OEB (referred to as the "Fair Adjustment") • *May 1, 2018 – April 30, 2019* - previously established regulated rate anticipated to increase by the rate of inflation in Ontario • *May 1, 2019 – April 30, 2021* - rate reductions will be established by regulation but anticipated to increase by the rate of inflation in Ontario

Legislation Overview

Regulatory Asset	• Each month the IESO determines the shortfall that results from the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "Regulatory Asset") • The IESO may transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset
Investment Asset	• If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right, an "Investment Interest") • By acquiring an Investment Interest, the Trust will be entitled to recover all of its costs of such financing and will acquire the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers • The Trust is not obligated to purchase Regulatory Assets from the IESO
Moratorium Period	• From July 1, 2017 to April 30, 2021, CEAs are not permitted to be collected from Specified Consumers ("Moratorium Period") • The IESO is obligated to pay all funding and other expenses of the Trust (referred to as Carrying Costs), excluding principal, during the Moratorium Period up to July 31, 2021 • The IESO has a $2 billion credit facility from the Ontario Electricity Financing Corporation ("OEFC") to pay Carrying Costs; as security for the performance of its obligations, the IESO has granted a first-priority security interest in all of its accounts receivables

Clean Energy Adjustments

- Under the FHPA, the "clean energy adjustment" is the amount payable by Specified Consumers to cover the cost of financing the shortfall from the Fair Adjustment and the associated costs to finance, including operating costs of the Trust and funding of reserve accounts
- CEAs may not be set off or by-passed by Specified Consumers
- **Finance amount** = estimate of the amount payable by the Trust in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments
- **True-up amount** = captures the difference between the finance amounts incurred by the Trust and the CEAs collected from consumers and also includes other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

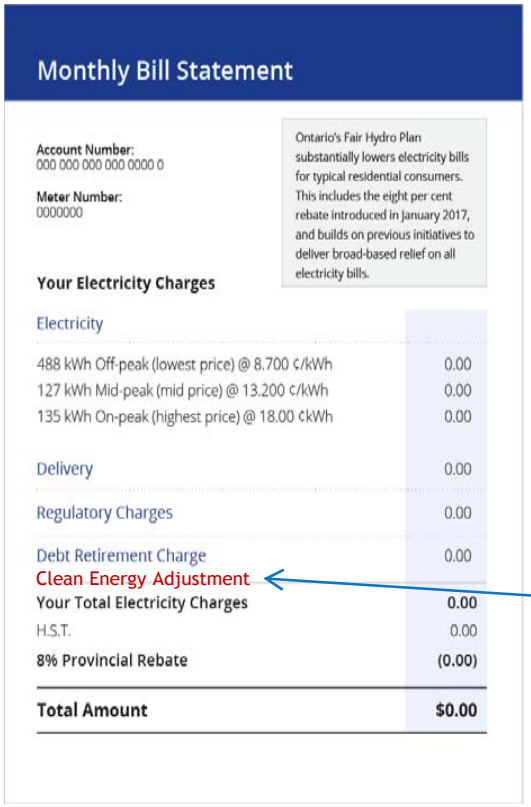

Monthly Bill Statement

Account Number:
000 000 000 000 0000 0

Meter Number:
0000000

Ontario's Fair Hydro Plan substantially lowers electricity bills for typical residential consumers. This includes the eight per cent rebate introduced in January 2017, and builds on previous initiatives to deliver broad-based relief on all electricity bills.

Your Electricity Charges

Electricity	
488 kWh Off-peak (lowest price) @ 8.700 ¢/kWh	0.00
127 kWh Mid-peak (mid price) @ 13.200 ¢/kWh	0.00
135 kWh On-peak (highest price) @ 18.00 ¢kWh	0.00
Delivery	0.00
Regulatory Charges	0.00
Debt Retirement Charge	0.00
Clean Energy Adjustment	
Your Total Electricity Charges	0.00
H.S.T.	0.00
8% Provincial Rebate	(0.00)
Total Amount	**$0.00**

New charge that will be added to electricity bills in May 2021 as a separate line item

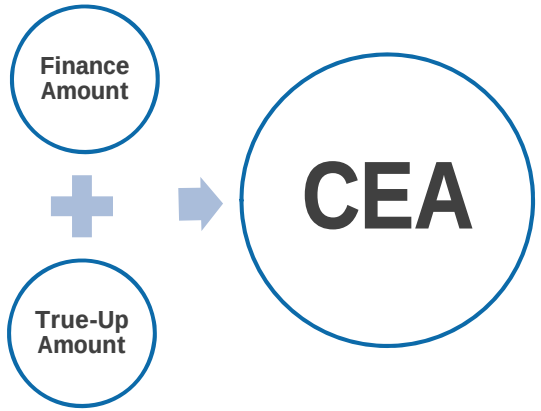

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are dealt with through statutory rights in the Act, the collection obligations of the IESO under the Master Transfer & Servicing Agreement ("MTSA") and the ability to include amounts into the true up mechanism

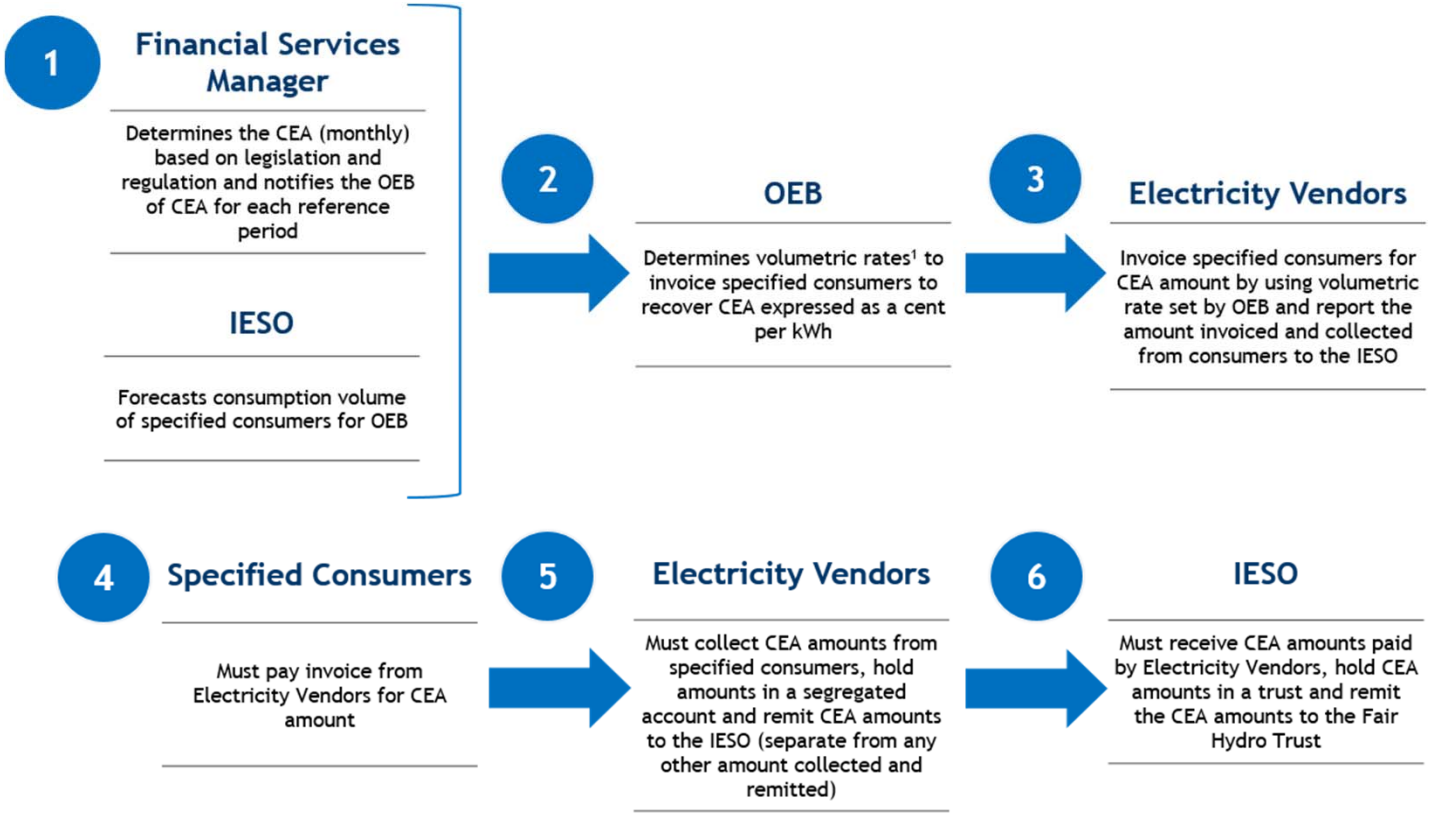

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers

Fair Allocation Amount

- The Fair Allocation Amount ("FAA") is the estimated clean energy costs without consideration of the FHP compared to these same costs reallocated on the basis of estimated clean energy benefits to Specified Consumers in respect of each reference period and includes operating and financing costs of the FHT
- If the FAA is negative, this means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers); the FAA is expected to be negative until at least May 2024
- The Ministry of Energy will provide updated FAAs to OPG from time-to-time

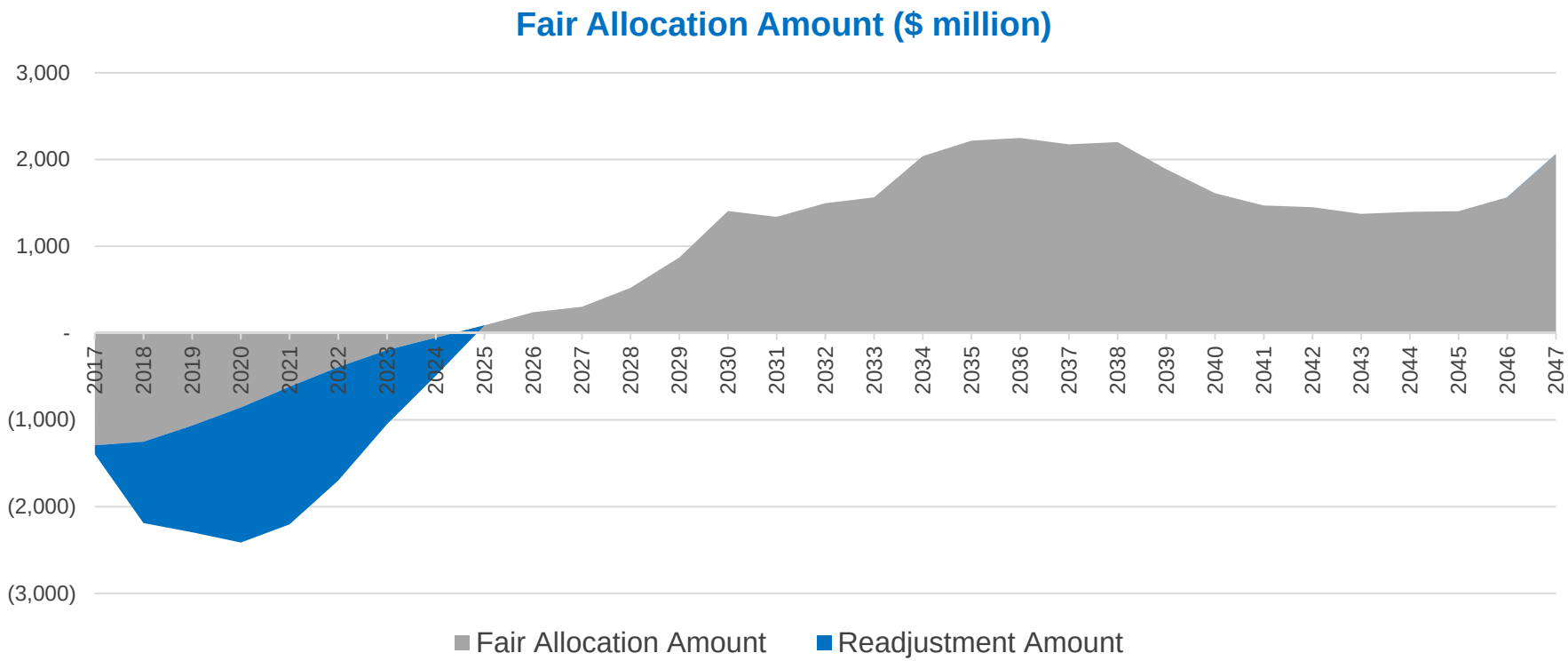

IV. Contractual Framework

Simplified Contractual Structure

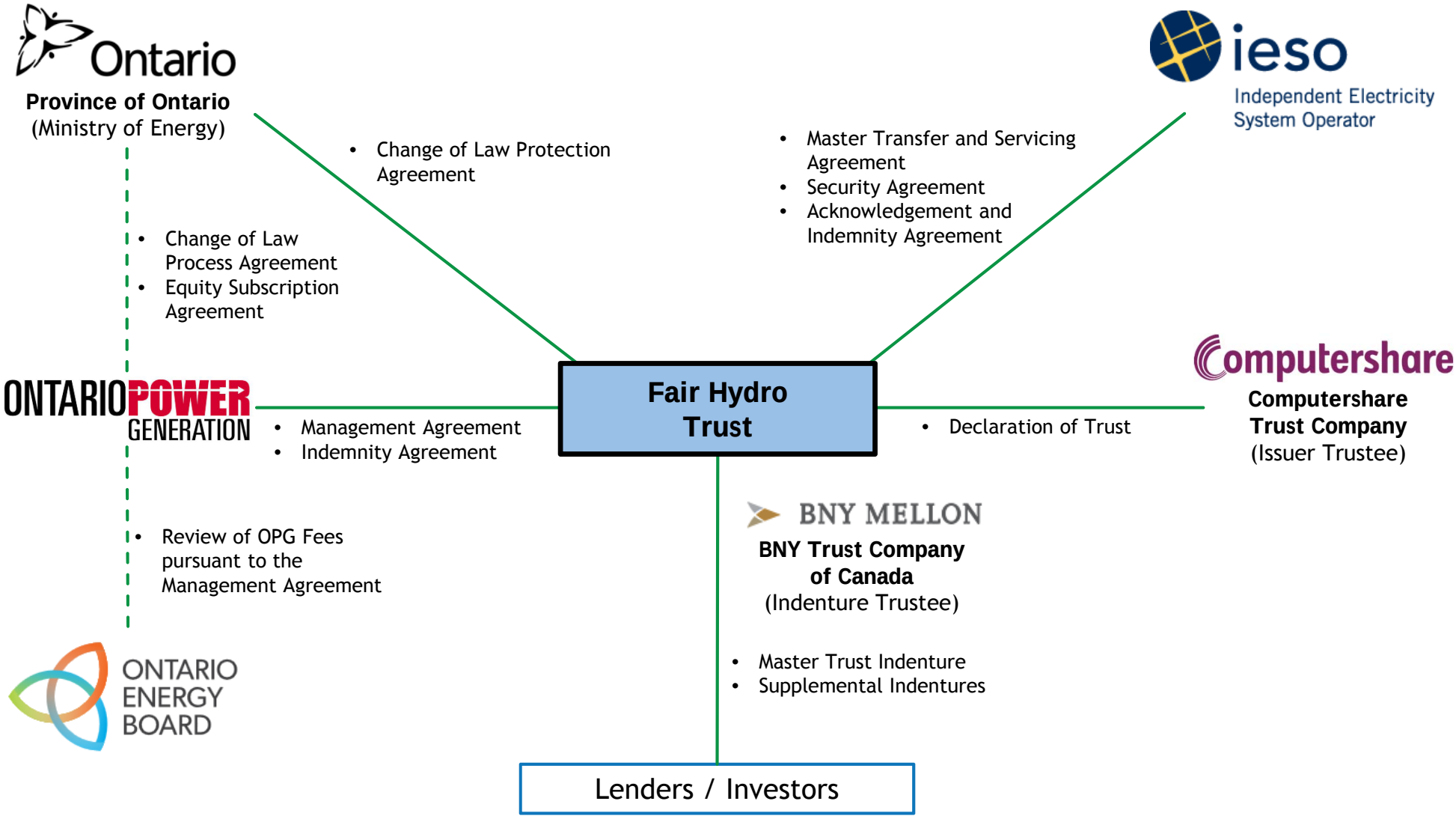

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario as Obligor and (2) Indenture Trustee, on behalf of Specified Creditors[1], as Beneficiaries and (3) OPG as Financial Services Manager ("FSM")
Purpose	• Provides assurance to investors that upon the occurrence of a Protection Event, the Province of Ontario will have an obligation to make payments on behalf of the Trust
Key Terms	• **Term**: Continues for as long as any obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding • **Mandatory Payment**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all obligations when due and payable • **Priority of Payments**: The priority of payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from change in law protection from the Province • **Suspension Notice**: The Province may deliver a suspension notice, after which date funding obligations incurred will not have the benefit of the Change of Law Protection, upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events:

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province
- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is ultra vires or invalid in a way that adversely affects the ability of the Trust to pay its obligations

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts and any reasonably expected potential effect of a true-up amount

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) the IESO, as transferor and servicer; (2) the Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of the regulatory asset, and upon such transfer the Trust acquires an investment interest
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the regulatory asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the investment interest under the Regulations, including collecting clean energy adjustment amounts from electricity vendors and remitting the same to the Trust, including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause electricity vendors to do the same – Collect CEAs from electricity vendors – Remit CEAs monthly to the Trust – Prepare monthly servicer reports – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During Moratorium Period (until May 1, 2021), the IESO will be required by regulation to fund all interest and other expenses of the Trust, which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, for the obligation of non-rated or non-investment grade rated electricity vendors.

Key Agreements (cont'd)

Management Agreement

Parties	• Issuer Trustee, on behalf of the Trust, and OPG, as Manager
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or caused to be reviewed, records of electricity vendors on a annual basis with respect to CEAs – Preparing financial statements; and – Paying taxes on behalf of the Trust • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire investment interests • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee and provides certain indemnities with respect to its duties and obligations under the MTSA
Indemnity Agreement (OPG)	• OPG, as manager under the Management Agreement, provides certain indemnities to the Indenture Trustee with respect to its duties and obligations under the Management Agreement
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of a proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time) to be exceeded
Equity Subscription Agreement	• Specifies the terms and conditions upon which the Province provides equity injections to OPG to purchase subordinated debt issued by the Trust
Declaration of Trust	• Establishes FHT to carry out activities for the benefit of its beneficiary unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare)

Allocation of Servicing Role and Responsibilities

The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Annually Review Records of LDCs with Respect to CEAs	✔		
Determination of True-Up Amount	✔		
Ongoing Filings for Trustee and Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management		✔	
Preparation of Monthly Service Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit) and OPG subordinated debt will be used to fund monthly regulatory asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

ABCP Conduit	• ABCP conduit and OPG subordinated debt will be used to fund monthly regulatory asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance short term debt financing provided by ABCP conduit and OPG subordinated debt • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to fit under the fair allocation curve (bullet bonds with synthetic amortization or amortizing bonds)
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund regulatory asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be purchased by OPG, primarily with equity injections from the Province (44%) and the remaining 5% from OPG

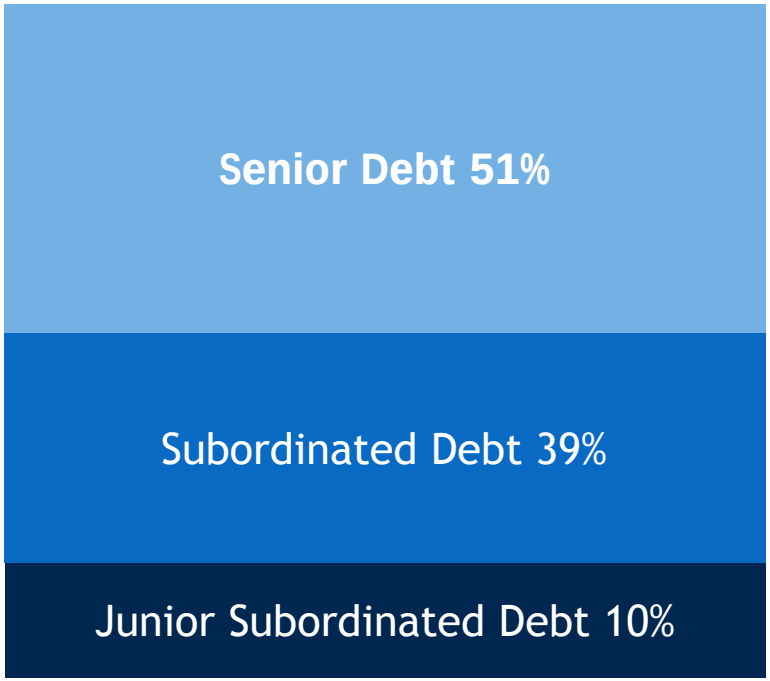

Senior Notes
Term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%)
- Provided to Trust by OPG via the Province (5%)

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which will mature over a period after 2029

Illustrative Aggregatee Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

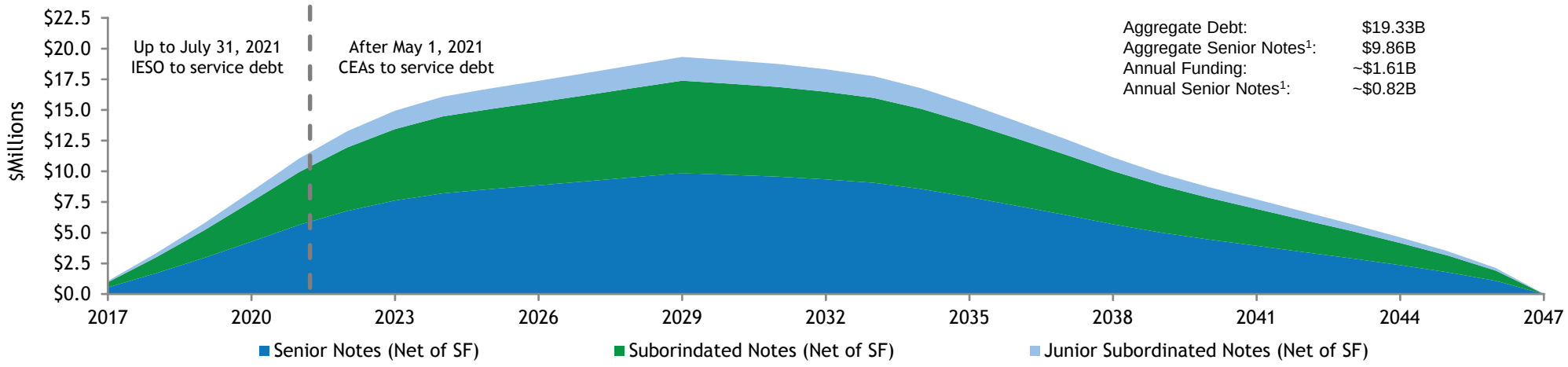

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro program, the clean energy adjustment for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Max CEA as a percent of the total bill is forecast to be 10.1%
- Average CEA as a percent of the total bill is forecast to be 6.9%

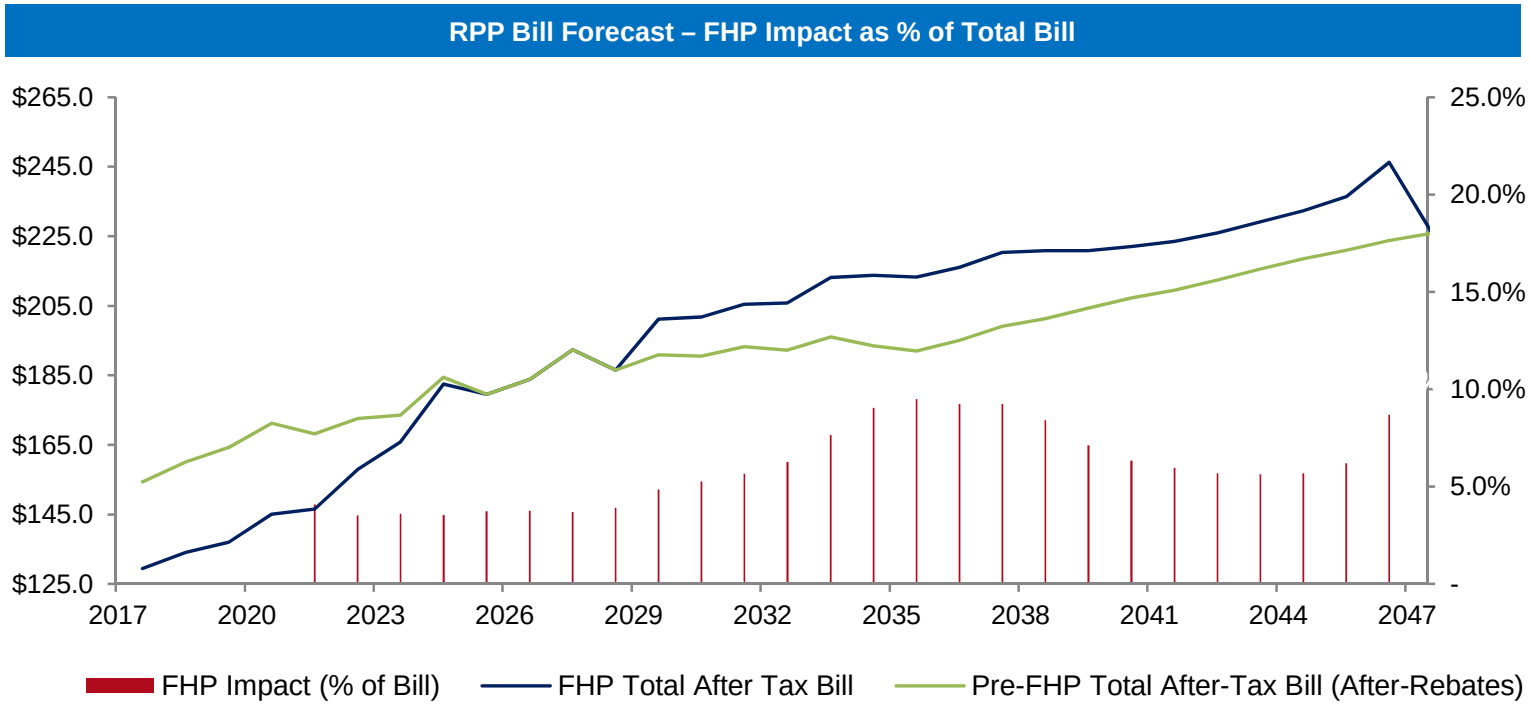

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• All Specified Creditors are required to be bound by the terms of the MTI including the priority provisions and to limit recourse to the assets of the Trust

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including:
	  • Note issuances under supplemental indentures
	  • Borrowings under credit agreements
	  • Purchase of notes under note purchase agreements
	  • Letters of Credit/Guarantees under credit enhancement agreements
	  • Liquidity loans under liquidity agreements backing short term notes

Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that:
	  – the incurrence of such additional obligations will not cause an adverse effect
	  – the incurrence of such additional obligations is materially consistent with the Financing Plan
	  – the estimated finance amount that would become due during the applicable reference period is expected to reasonably align with the fair allocation amount for such reference period
	• It will also be a condition precedent that each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Subordination	• Provides for three different classes of funding obligations (i) senior (ii) subordinated, and (iii) junior subordinated
Priority	• Prior to an Event of Default: the waterfall provision applies • After an Event of Default: payment priority direct all amounts to pay senior obligations first
Early Amortization	• Early amortization events will include the occurrence of a scheduled final payment date on notes, the Trust becoming an investment company, the insolvency of IESO or the Manager and any other additional early amortization events set out in a funding obligation agreement • An early amortization event will result in a modified repayment schedule for the outstanding funding obligations
Events of Default	• Include payment defaults, and representation and covenant breaches
Acceleration	• CEAs cannot be increased to the level to repay all outstanding principal following acceleration, however the subordination of debt would advance the repayment of the senior funding obligations

Indicative Waterfall

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Issuance	**Class**	**Size**	**% of Trust**	**Expected Maturity**	**Legal Maturity**	**Rating (DBRS / Moody's)**
	Senior Warehouse	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	N / A
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA / Aa2
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Guarantor	Province of Ontario					
Provincial Rate Authority	Ontario Energy Board					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances from IESO • Post Moratorium Period: Non-bypassable charge from residential and commercial customers in Ontario, related collections and reserve accounts					
Amortization	Sinking fund with bullet maturity					
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual True-up • Reserve Account (Senior Notes) • Subordination					
Reserve Account	[ ]					
True-up	Calculated on a semi-annual basis post-moratorium period					
Subordination	Subordinated and Jr. Subordinated Notes will be retained by OPG					
Additional Issuance	Master trust allows for the issuance of additional notes subject to Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• There may be pressure on a future government to adjust certain aspects of the repayment requirements	• Change of Law Protection Agreement in favour of lenders / investors
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• 6-month reference period • True up mechanism • Any shortfall in collections are recoverable from all Specified Consumers
Defaults (IESO & LDCs)	• During the Moratorium Period, the Trust is dependent on the IESO to pay carrying costs • Receipt of CEAs dependent on the performance of LDCs and IESO	• IESO has a very strong credit profile and very low losses • IESO to provide a letter of credit/other security for the obligation of non-rated or below investment grade rated LDCs • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total is forecast to be ~10%

VIII. Investment Highlights

Investment Highlights

- Strong provincial support through the Change of Law Protection Agreement
- Irrevocable & non-bypassable rate payer charge
- Full cross-collateralization; collection shortfalls allocated among all Specified Consumers
- Enhanced true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory
- No large user industrial risk exposure

From: Ronald Kwan
To: John Kim
Cc: Usman Zahid
Subject: Fwd: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 10:36:57 AM

Hi John,

Are you available to attend?

Ron

Begin forwarded message:

> **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Date:** January 5, 2018 at 10:17:37 AM EST
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>, "'Thouin, Alena (ENERGY)'" <Alena.Thouin@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, Anna Strathy <Anna.Strathy@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>
> **Cc:** "Shannon Jack (MTO)" <Shannon.Jack@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>
> **Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province**
>
> As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.
>
> Thanks
>
> Ken k
>
> -----Original Message-----
> From: Mike Manning
> Sent: Friday, January 05, 2018 10:08 AM
> To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
> Around as well.
> Mike
>
> -----Original Message-----
> From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
> Sent: Friday, January 05, 2018 10:03 AM
> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
> I am available as well.
>
> After 11:30
>
> Adding our Energy policy counterparts.
>
> Alena Thouin
>
> Deputy Director, Legal Services Branch
>
> Ministries of Energy / Infrastructure / Economic Development & Growth /
>
> Research, Innovation & Science / Accessibility
>
> 56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
>
> Tel: 416-325-1834 Email: alena.thouin@ontario.ca
>
> This communication may be Solicitor/Client privileged and contain confidential information intended only for the individual or entity named in the message. If the reader of this message is not the intended recipient, or the agent responsible to deliver it to the intended recipient, you are hereby notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.
>
> -----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any “risk factors”, particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province’s (Ministers’) roles, including in setting the “fair allocation amount”, accepting the “Financing Plan” provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any “electricity market” disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Ronald Kwan
To:	Malle Hanslep (MOF)
Cc:	John Kim
Subject:	Fwd: FHP Financing Plan and Execution Plan - Nov 16.docx
Date:	Thursday, November 16, 2017 12:05:10 PM
Attachments:	FHP Financing Plan and Execution Plan - Nov 16.docx ATT00001.htm

---

Hi Malle,

See attached.

Ron

Begin forwarded message:

> **From:** John Kim <John.Kim@ofina.on.ca>
> **Date:** November 16, 2017 at 10:46:39 AM EST
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject: FW: FHP Financing Plan and Execution Plan - Nov 16.docx**
>
> Fyi
>
> -----Original Message-----
> From: Mike Manning
> Sent: Thursday, November 16, 2017 10:27 AM
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> Subject: FW: FHP Financing Plan and Execution Plan - Nov 16.docx
>
> -----Original Message-----
> From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
> Sent: Thursday, November 16, 2017 9:46 AM
> To: Mike Manning <Mike.Manning@ofina.on.ca>
> Cc: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
> Subject: FHP Financing Plan and Execution Plan - Nov 16.docx
>
> Mike:
>
> As requested, attached is the current draft of the financing plan which conforms to the regulation requirements.
>
> John

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FAIR HYDRO TRUST
FINANCING PLAN

[November] 2017

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Table of Contents

A. Background 3
1. Financing Entity – Fair Hydro Trust 4
2. OPG's Duties and Responsibilities 5
3. Fair Allocation Amount and the Financing Plan 6
B. Principles and Assumptions of the Financing Plan 9
1. IESO Deferral for Future Months 9
2. Future Transfers of Portions of the IESO's Regulatory Asset 9
3. Term to Maturity of Funding Obligations 9
4. Refinancing 11
5. Cash Flow Requirements 12
6. Current Funding Options and related Terms and Conditions 12
7. Currency and Interest Rate Hedging Programs 14
8. Fair Hydro Trust Costs and Expenditures 14
9. Interest Rates 14
10. Financing Reserve and Capital Accounts 16
11. Indemnifications 17
12. Financial Services Manager's Fees 17
C. Other Considerations 18
1. Market 18
2. Application of Recovery Amounts to Funding Obligations 18
3. Risk Mitigation Strategies 20
4. Tax Minimization Strategies 20
D. Execution Plan for the Inaugural Debt Issuance 21

DRAFT

A. Background

In June 2017, the Province enacted the *Ontario Fair Hydro Plan Act, 2017* (the Fair Hydro Act or the Act), to establish a framework under which the costs and benefits associated with the Government of Ontario's (the Province) clean energy initiatives are to be fairly allocated between present and future consumers of electricity under Ontario's Fair Hydro Plan (Fair Hydro Plan or FHP). The Act requires the Ontario Energy Board (OEB) to set rates that reduce average electricity bills for specified consumers by 25 percent commencing on July 1, 2017. The total bill reduction of 25 percent is comprised of an 8 percent reduction of the Provincial portion of the harmonized sales tax, with the remaining 17 percent achieved by decreasing energy rates for specified consumers paying the Regulated Price Plan rate and providing a global adjustment reduction credit for other specified consumers. The reduction in electricity bills will result in a shortfall in the Independent Electricity System Operator's (IESO) collections, which will need to be financed in order to pay the underlying global adjustment costs (GAC). The objective of the Fair Hydro Plan Program (FHP Program) is to refinance a portion of the deferred GAC over a longer period.

Under the Act, OPG is appointed as the Financial Services Manager (FSM) and is given the authority to, among other things, establish and manage one or more financing entities to raise debt financing (referred to as "funding obligations") for the purposes of the Act. The Act requires the Minister of Energy (MOE) to calculate the Fair Allocation Amount and for the FSM to incur funding obligations that, subject to refinancing, reasonably align with the Fair Allocation Amount, as adjusted by any readjustment amount.

The following attendant regulations were enacted in support of the Act:

- *Ontario Regulation 206/17 General* (General Regulation) provides details on specific requirements of the Act, in particular, the requirements for the Financing Plan.
- *Ontario Regulation 195/17 Fair Adjustment* provides details on rate reductions up to April 30, 2019 for specified consumers under the Act.
- *Ontario Regulation 196/17 Invoicing Requirements* provides details on information to be included with the invoice for specified consumers under the Act.

Under sections 21(1) and 21(2) of the Act, OPG, as FSM, has an obligation to prepare a Financing Plan in accordance with the Act and regulations, and to deliver it to the Minister of Energy. Under section 21(6) of the Act, the FSM has the right to amend the Financing Plan from time to time, without affecting any Clean Energy Adjustment that has already been determined or any funding obligations that have already been incurred before the amendment.

This Financing Plan was prepared based on the information available to, and the views of, OPG at the time this Financing Plan was prepared (or amended, as applicable). This Financing Plan also includes forward-looking information, which is subject to change. Actual outcomes and results may differ materially from what is expressed, implied or forecasted due to, but not limited to, changes in underlying assumptions relating to the Fair Allocation Amount, interest rates, investor interest, market capacity, market conditions, and credit rating assessments. References made to the "current Fair Allocation Amount" pertains to the Fair Allocation Amount received by OPG from the MOE at the end of September 2017. Terms that are capitalized and not defined herein have meanings ascribed to the same terms as in the Act or in the General Regulation. All amounts presented are in Canadian dollars.

1. Financing Entity – Fair Hydro Trust

Trustees

In **[**November**]** 2017, OPG as FSM, appointed Computershare Trust Company of Canada to act as the third party issuer trustee (Computershare or Issuer Trustee). Following its appointment, the Fair Hydro Trust (the Trust) was established as a financing entity contemplated in the Act through a declaration of trust. The Trust is structured to be bankruptcy remote from OPG. The Issuer Trustee is empowered under the declaration of trust to appoint, employ or contract with any person for the transaction of the Trust's activities. Under the Management Agreement between the Trust (by the Issuer Trustee) and OPG, the Trust appointed OPG as its agent to provide services and perform duties for the Trust in planning, implementing and administering the debt financing for the FHP Program.

In **[**November**]** 2017, OPG as FSM, appointed BNY Trust Company of Canada, as the third party indenture trustee (BNY or Indenture Trustee). The Indenture Trustee will be acting on behalf of all specified creditors, who are all persons who may have contractual claims against the Trust under the FHP Program agreements contemplated by the Master Trust Indenture (MTI) governing the debt issued by the Trust.

Unitholders

The Trust will carry on activities for the benefit of its unitholders outlined below:

Table 1: Fair Hydro Trust Unitholders

Unitholder	Number of Units Held
FHP2017 Inc., a wholly-owned subsidiary of OPG	1,000,000
BNY, as Indenture Trustee	1
Total Units Outstanding	1,000,001

Trust Capitalization Structure

The Trust will be 100 percent debt financed and the contemplated source of funding is summarized in Table 2.

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Table 2: Type and Source of Debt Funding

Tranche and Debt Type	Source of Funding	% of Total Funding Requirement
Tranche A Senior Debt	Capital Markets	51%
Tranche B Subordinated Debt	OPG via Province	39%
Tranche C Junior Subordinated Debt	OPG via Province	5%
	OPG via Capital Markets	5%

The Trust will issue senior debt in the capital markets to finance 51 percent of the total funding requirement related to the deferred GAC (Tranche A). The financing platform was developed to allow the Trust access to both the Canadian and United States (US) markets in order to optimize pricing, provide flexibility, and market capacity. Further details on the types of financing that can be utilized are outlined under the heading *Current Funding Options*.

Through periodic equity injections in OPG, the Province is expected to provide 44 percent of the total funding requirement throughout the duration of the FHP Program. OPG will invest the proceeds from the equity injections into the Trust, with 39 percent in Tranche B as subordinated debt and five percent in Tranche C as junior subordinated debt.

OPG will invest the remaining five percent of the total funding requirement in Tranche C as junior subordinated debt, using internally generated funds or proceeds raised from debt issuances from the public markets.

2. OPG's Duties and Responsibilities

Financial Services Manager under the Act

OPG, as FSM, will perform its duties and responsibilities under the Act and its attendant regulations. These include, but are not limited to, the following:

- Establish one or more financing entities to incur funding obligations for the FHP Program
- Prepare a written Financing Plan to be used by OPG to evaluate the incurrence of funding obligations to acquire and finance a portion of the GAC deferral
- Ensure that funding obligations are incurred in a manner that is consistent with the Financing Plan
- Forecast the cash flow requirements of the financing entities
- Determine the monthly Clean Energy Adjustment for a particular ~~r~~Reference ~~p~~Period
- Administer the Investment Asset on behalf of the financing entities
- Establish and charge fees to the financing entities to recover costs and expenditures and to earn a return
- Seek the best terms available at the time of incurrence of a funding obligation, having regard to other financing transactions of similar size and type

- Apply debt proceeds to purchase an Investment Interest or repay or redeem outstanding debt
- Consider the interests of specified consumers with respect to stable and predictable electricity rates
- Deal with related parties on arm's length terms
- Fulfil various reporting requirements to stakeholders

Manager under the Management Agreement

OPG has also entered into a management agreement with the Issuer Trustee, on behalf of the Trust, whereby all of the powers and duties of managing the Trust have been delegated to OPG as the manager. The duties and responsibilities associated with this role includes:

- Determining whether to incur funding obligations to acquire an Investment Interest or to refinance existing funding obligations;
- Negotiating and entering into program agreements;
- Maintaining accounts and banking records;
- Preparing any offering documents furnished by the Trust to prospective purchasers of funding obligations; and
- Preparing financial statements and tax filings on behalf of the Trust.

OPG's entitlement to fees, as FSM, is subject to the payment priorities outlined in the MTI and summarized in Section C, *Application of Recovery Amounts to Funding Obligations,* Figure 5. The FSM is not entitled to resign from its duties or terminate the management agreement as long as funding obligations remain outstanding. OPG may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the MTI.

3. Fair Allocation Amount and the Financing Plan

The Fair Allocation Amount, including the readjustment amount, is an amount calculated under the Act and the regulations by the MOE for every ~~r~~Reference Pp~~p~~eriod over the term of the FHP Program. It is intended to allocate the estimated Clean Energy Costs and Clean Energy Benefits fairly among specified consumers.

The FSM is required to prepare a Financing Plan under the Act to evaluate whether funding obligations should be incurred by the Trust. OPG is to have regard to certain prescribed principles (outlined in detail in Section B below), including that funding obligations should be incurred so that the estimated Finance Amount that would become due and payable during a ~~r~~Reference ~~p~~Period will, subject to refinancing, reasonably align with the Fair Allocation Amount determined in respect of such ~~r~~Reference Pp~~p~~eriod, as adjusted by a readjustment amount where applicable. In other words, the Financing Plan should contemplate the issuance of funding obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by specified consumers to ensure that they are bearing their fair share of the costs of providing Clean Energy benefits. The Act also provides that each funding obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Figures 1 and 2 illustrate the FHP Program's financing profile over the next 30-year period.

Figure 1: Fair Hydro Trust Debt Balance

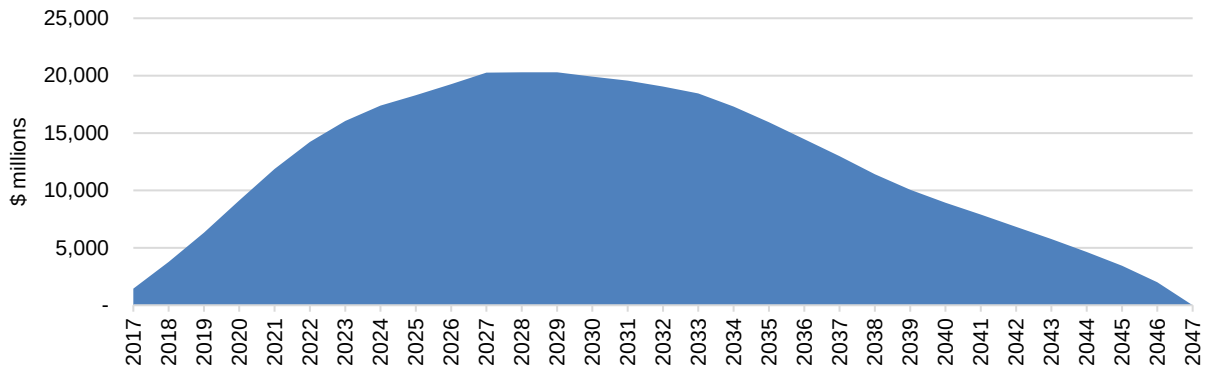

Figure 2: Fair Hydro Trust Borrowing and Repayment Profile

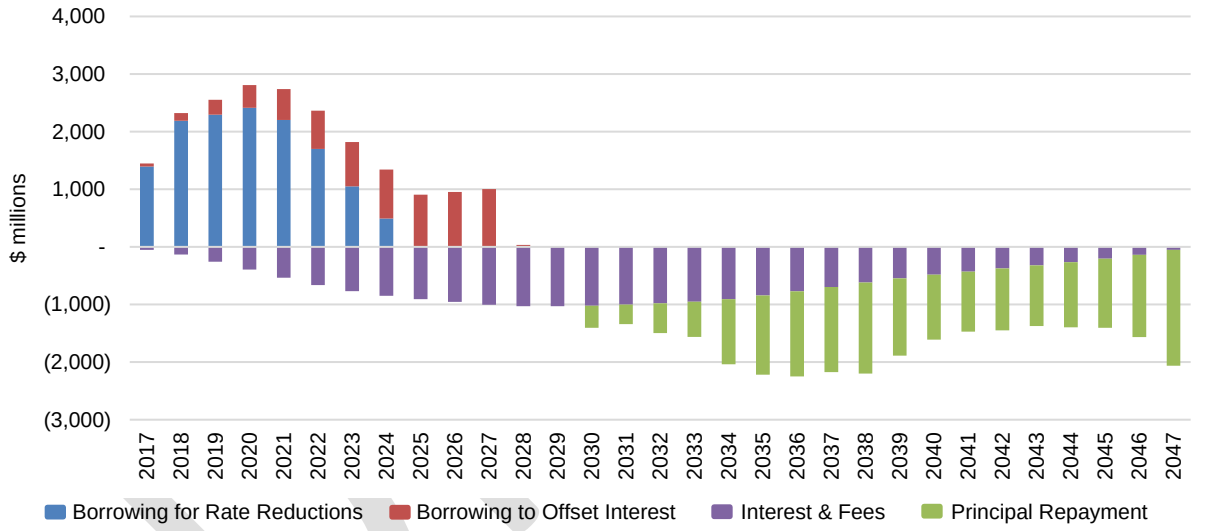

The Fair Allocation Amount is a net amount, either positive or negative, equal to the difference between the following:

1) estimated costs of clean energy initiatives without adjustment; and
2) a re-profiling of the costs in item 1) plus:
    a. the estimated operating and financing costs of the FHP Program, and
    b. the repayment of the readjustment amount.

A negative Fair Allocation Amount in any ~~r~~Reference P~~p~~eriod generally represents a period of borrowing, and a positive Fair Allocation Amount generally represents a period of principal repayment.

In a ~~r~~Reference ~~p~~Period when the Fair Allocation Amount is negative, the operating and financing costs of the FHP Program are shown in the Fair Allocation Amount calculation as an

increase in the debt of the FHP Program. This treatment is equivalent to increasing the amount of the deferred GAC by providing specified consumers with a higher rate reduction. The repayment of the related debt is included in the Fair Allocation Amount calculation to establish that all debt will be repaid by the end of the FHP Program. During these periods, operating and financing costs of the FHP Program are considered to align with the Fair Allocation Amount as long as these costs do not exceed the corresponding components in the Fair Allocation Amount calculation in any ~~r~~Reference ~~p~~Period by more than +/- 15 percent. If these costs exceed the corresponding components of the Fair Allocation Amount by more than +/- 15 percent, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount. Variability in costs is expected throughout the FHP Program as the Fair Allocation Amount was calculated on a forecast basis. Accordingly, any variability that is less than +/-
15 percent is deemed to be within an acceptable range.

Assessment for Reasonable Alignment

The Act stipulates that the Financing Plan must reasonably align with Fair Allocation Amount. This requirement is expected to be achieved through the consistent application of the following methodology, guidelines, and steps throughout the term of the FHP Program:

- Maintain a financial model that captures the funding obligations requirements of the Trust. Translate the funding requirements into expected cash flows by determining the related interest amounts, reserve requirements, fees, principal repayment, and the Trust's operating costs. This exercise will be performed for each ~~r~~Reference ~~p~~Period over the term of the program.
- Determine and assess the following:
    - For ~~r~~Reference ~~p~~Periods when the Fair Allocation Amount is negative, determine whether the forecast cash flow requirements is less than or equal to the financing and operating costs reflected in the Fair Allocation Amount as additional debt of the Trust. If the forecast cash flow requirements exceed the addition to the debt in the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
    - For ~~r~~Reference ~~p~~Periods when the Fair Allocation Amount is positive, determine whether the forecast cash flow requirements is less than or equal to the Fair Allocation Amount. If the forecast cash flow requirements exceed the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
- Due to the timing of the collection of cash flows, the General Regulation contemplates the use of reserve accounts. Provisions for reserves are excluded from the reasonable alignment assessment as these amounts are required to allow the Trust to incur the funding obligations. In addition, the reserve balances will be credited to specified consumers at the end of the term through the true-up mechanism if they are not required to satisfy terms of any funding obligation agreements pursuant to the MTI. Refer to *Financing Reserve and Capital Accounts* for more information on reserve accounts.
- Utilize and apply an accrual methodology when determining costs of the program, except for debt issuance costs, principal repayments, and reserve requirements.

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The FSM will establish a methodology for assessing reasonable alignment at such time when a new Fair Allocation Amount letter is received from the MOE.

B. Principles and Assumptions of the Financing Plan

This section outlines the various principles and assumptions that guided the development of this Financing Plan in accordance with the Act and section 14 of the General Regulation. The same principles and assumptions will apply to all subsequent revisions of the Financing Plan, if required.

The FSM is required to make reasonable assumptions regarding the following matters:

1. IESO Deferral for Future Months

The FSM will base its expectation of the IESO deferrals on the most current version of the Fair Allocation Amount and readjustment amounts provided by the MOE. Actual IESO deferrals and forecasts of near term deferrals, if available, will be used to guide forecast deferrals over the next quarter.

2. Future Transfers of Portions of the IESO's Regulatory Asset

The Trust anticipates periodic purchases of Investment Assets from the IESO when the cumulative balance of its regulatory assets is large enough to be financed and when effective financing options are available to the Trust. The market capacity for both long-term and short-term debt financing will also be key elements to consider when determining the most cost efficient option.

3. Term to Maturity of Funding Obligations

Initial Debt Tranche – 2017 Borrowing

The forecast debt profile for the Trust based on the current Fair Allocation Amount received from the Province at the end of September 2017 indicates that principal repayments can commence in 2030 (see Figure 3). However, the principal repayment amount for this year is expected to be relatively small at approximately $400 million for the year or about $200 million for each six-month ~~r~~Reference ~~p~~Period. Accordingly, principal repayment of the 2017 debt tranche is expected to commence in 2032 when the cumulative principal repayment amount reaches approximately $1 billion, which indicates a minimum term for the initial debt issuance of 15 years (i.e. 2017-2032). This offering is expected to include $500 million of senior notes, which is a sizeable amount to ensure sufficient liquidity and marketability. Subsequently, principal repayment increases to approximately $1.5 billion annually or $0.75 billion for each ~~r~~Reference P~~p~~eriod by around 2035 allowing for larger single maturities.

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Figure 3: Principal Repayment Profile Based on Current Fair Allocation Amount

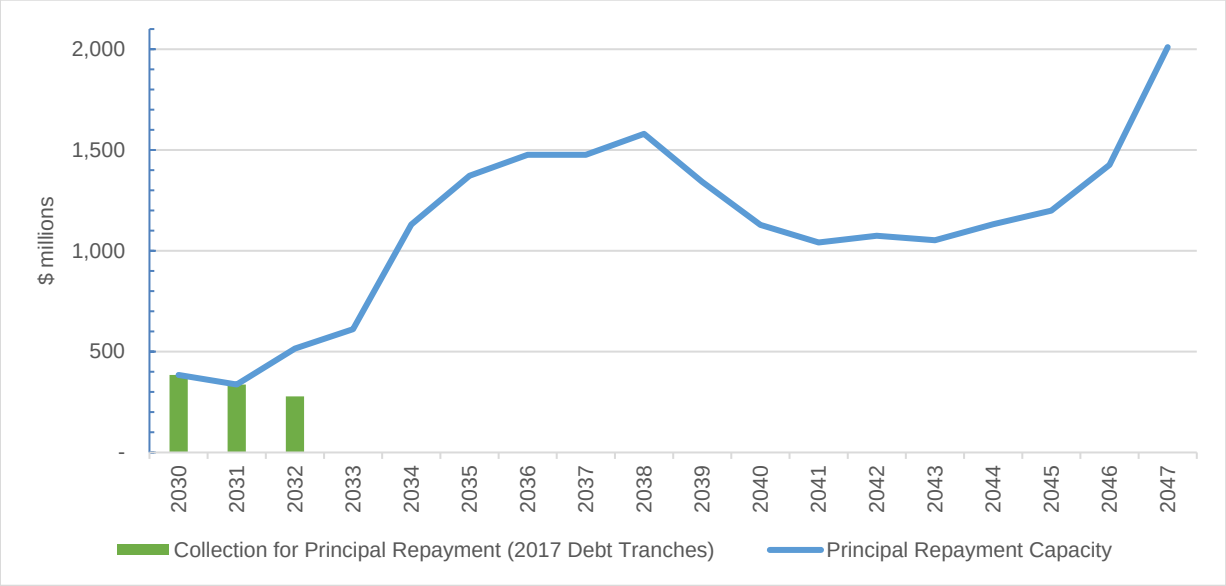

This length of term for an asset-backed security (ABS) has no ~~is un~~precedence ~~ted~~ in the Canadian market where terms are typically 10 years or less. Therefore, it is expected that a higher premium will be required to attract investors. Refer to Table 3 under the heading *Interest Rates* for the indicative current pricing range for all debt tranches, including senior debt.

For a new issuer such as the Trust offering a unique program, a strategy of issuing a 15-year term paper may not provide an optimal initial pricing given the absence of a specific credit curve for the Trust. It is expected that at program inception, the Trust will issue debt to cover both short and long-term exposures. The terms of maturities will be staggered, up to year 30, with maturities capped at the projected Fair Allocation Amount and readjustment amount, during each six-month ~~r~~Reference ~~p~~Period. In addition, consideration for a combination of characteristics established by the Fair Allocation Amount curve and investor interest will drive the term of a funding obligation.

Indicative Debt Maturities for Post-2017 Borrowings

Using the current Fair Allocation Amount, the forecast debt maturities over the life of the FHP Program was derived in Figure 4 for illustrative purposes only and is current as of the date of this Financing Plan. Actual debt maturities may differ materially from what is illustrated in Figure 4 primarily due, but not limited to, future changes in the Fair Allocation Amount.

Figure 4: Indicative Debt Maturities Using Current Fair Allocation Amount

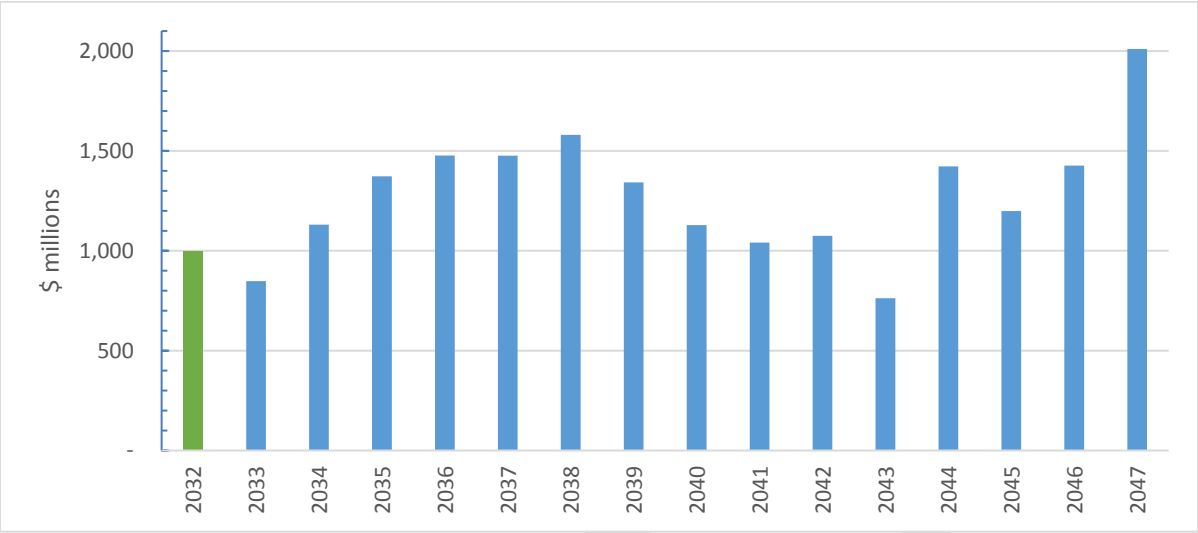

The key objective when determining the indicative debt maturities in Figure 4 is to align the annual amount of debt maturities with the principal repayment capacity under the Fair Allocation Amount curve. In years where the principal repayment capacity is less than $500 million, the debt maturities will fall in subsequent years where the cumulative maturities do not exceed the cumulative principal repayment capacity. This type of decision will be made along with other considerations such as size of each issuance to ensure liquidity (and thus, cost efficiency). As this schedule is based on the current Fair Allocation Amount curve and its underlying assumptions, a shift in the curve and/or any changes in the assumptions will result in changes to this indicative debt maturity schedule.

4. Refinancing

The MTI requires the Trust to establish and maintain a deposit account in the name of the Indenture Trustee for a refinancing account held for the benefit of the Indenture Trustee and specified creditors. All proceeds arising from notes and borrowings related to refinancing shall be deposited to this refinancing account.

Debt refinancing may occur under the following scenarios:

- When original financing is incurred, the short end of the yield curve is more cost efficient than the long end, on a relative basis;
- The Fair Allocation Amount or readjustment amount is updated; and
- In line with the provisions of the Act, no Clean Energy Adjustments will be collected from specified consumers between July 1, 2017 and April 30, 2021, except in limited circumstances. Accordingly, any debt maturities during this period will need to be refinanced.

Refinancing decisions will be guided by the Trust's ability to secure cost efficient long-term financing from investors and the maximum principal repayment profile dictated by the fair allocation curve.

5. Cash Flow Requirements

The Trust's cash flow requirements to meet its contractual obligations include, but are not limited to, the following:

- Payment of taxes, if any
- Reimbursing the FSM for costs and expenditures outlined in sections 10.2 (3) and 10.13 (3) of the General Regulation and summarized under the heading *Fair Hydro Trust Costs and Expenditures*
- Interest and fees on all outstanding borrowings
- Scheduled principal repayments
- Deposits or transfers to reserve accounts required by the MTI and summarized under the heading *Financing Reserve and Capital Accounts*
- OPG's fees as FSM as summarized under the heading *Financial Services Manager's Fees*
- Termination payments to defaulting derivative counterparties, if applicable

Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations* for the cash flow receipts' payment priority.

6. Current Funding Options and related Terms and Conditions

To achieve cost efficiencies, the following funding vehicles could be utilized in either the Canadian or US markets (except for the subordinated debt), from time to time, depending on the financing requirement, as well as market capacity and relative pricing at the time of issuance:

- **Short Term**: asset-backed commercial paper (ABCP) conduit and revolving bank lines of credit in the Canadian market
- **Medium to Long-Term**: term ABS and privately placed debt securities in either the Canadian or US markets
- **Subordinated Debt**: to be provided by OPG

<u>Syndicated Short-Term Warehousing Facility</u>

Short-term notes will be issued by the Trust to fund short-term borrowing requirements. The amount outstanding will be periodically refinanced and repaid by long-term funding from the capital markets once the cumulative amount of the Investment Asset available to be purchased is approximately $300 million to $500 million. This warehouse facility is expected to be utilized on a monthly basis to fund the Investment Asset purchases from the IESO.

The Trust has **[**secured a warehouse facility agreement with a bank syndicate comprising of CIBC, RBC, and Goldman Sachs for $800 million under a 2-year committed term, which would be primarily funded through their ABCP conduit**]**.

DRAFT

Revolving Bank Lines of Credit

This type of funding option provides the Trust with a warehouse facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period. This bank funding option will be utilized when it is more cost effective than short-term notes.

Term ABS

ABS are notes that will be backed by the Trust's Investment Asset and issued under the MTI. The specific terms and conditions of each series, class or tranche of notes will be set forth in a supplemental indenture and, if applicable, a terms document authorizing that series, class or tranche.

To minimize financing costs, term ABS bullet bonds will be used rather than amortizing bonds, which require an additional premium by investors. The current intent is to issue term ABS notes in the 15 to 25 year term to fill out the yield curve based on the Fair Allocation Amount and investor demand.

Subordinated Debt

Concurrent with every issuance of senior debt by the Trust, it is expected that OPG will acquire subordinated debt in an amount not to exceed 49 percent of all outstanding debt of the Trust at any time. The subordination of OPG's debt investment plays an important credit enhancement role, which is expected to minimize the cost of senior debt tranches in the external market by garnering a higher rating through some differentiation. The subordinated debt will assume substantially all of the liquidity and deferral risk for the structure. Accordingly, the cash flow payment waterfall in Figure 5 reflects this subordination structure.

The credit rating for the subordinated debt will be dependent on the rating agency assessment and evaluation of the stress credit scenarios. It is expected that there will be a minimum of one rating category differential between each debt tranche.

The interest rate applicable to subordinated debt is expected to be the aggregate of:

- The applicable base rate, which is the relevant senior debt rate, plus
- The applicable spread, which represents the additional interest, in basis points, over the base rate that will apply to the relevant subordinated debt. This rate will be established by OPG through an annual survey of market spreads from a syndicate of banks.

The subordinated debt will maintain a minimum of one rating to allow for appropriate benchmarking/pricing. A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample. The terms of the subordinated debt will be finalized prior to the initial debt issuance.

For the short-term subordinated debt lending facility, the banking syndicate will provide OPG with short-term lending spreads for comparables on committed bank credit facilities on an annual basis (i.e. ratings based on a pricing grid). A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample.

The process will be consistent with the Subordinated Debt Pricing Protocol Agreement between the Trust and the Ontario Financing Authority.

7. Currency and Interest Rate Hedging Programs

As the FHP Program develops over time, the Trust will consider interest rate and currency swaps and other hedging instruments, as required. Refer to the Section C, *Risk Mitigation Strategies* for further details on hedging and other instruments that could be used by the Trust.

8. Fair Hydro Trust Costs and Expenditures

The costs and expenditures incurred by OPG as FSM on behalf of the Trust will be in accordance with sections 10.2 (3) and 10.13 (3) of the General Regulation as amended in November 2017.

Specifically, the costs and expenditures incurred by the FSM include, but are not limited to, the following:

1. Underwriters or selling agents for funding obligations.
2. Banking fees, including but not limited to structuring fees or work fees.
3. Fees of issuing and paying agents for funding obligations.
4. Fees of trustees.
5. Fees incurred in the preparation of financial statements, financial reports, compliance certificates and tax returns.
6. Fees of legal counsel.
7. Rating agency fees.
8. Filing or registration fees.
9. Direct costs of OPG for employees whose work consists exclusively of the provision of services to the Trust in relation to prescribed matters.
10. Costs and expenditures incurred on behalf of any financing entity in connection with OPG's duties under the Act in relation to the financing entity.
11. Costs and expenditures incurred in relation to a management agreement between OPG as FSM and any financing entity, where the agreement provides for the reimbursement of the costs and expenditures.

The costs and expenditures incurred directly by the Trust, as well as the fees of the FSM and the costs and expenditures incurred by the FSM on behalf of the Trust, are Finance Amounts that can be recovered by the Trust (as carrying costs) from the IESO until July 2021 and thereafter through Clean Energy Adjustments charged to specified consumers.

9. Interest Rates

As the FHP Program is expected to last until 2047, it is appropriate to assume that long-term debt rates are the primary components of the financing costs for the overall program. In estimating indicative interest rates for each tranche and debt type, the following key considerations and assumptions were utilized:

- The base case credit rating assumptions are as follows:
    - Target of "AAA" for Tranche A – Senior Debt,

  - "A" for Tranche B – Subordinated Debt which is dependent on the senior debt credit rating, and
  - "BBB" for Tranche C – Junior Subordinated Debt
- Using the projected Province of Ontario long bond rate of 4 percent plus a 25 basis points premium to reflect the securitization structure, the estimated indicative pricing over the life of Tranche A – Senior Debt is 4.25 percent
- For comparative purposes, the current pricing using the Province of Ontario long bond rate of 3.0 percent plus the same 25 basis points premium was included to reflect the current low interest rate environment
- A higher return on the subordinated debt is required to compensate for incremental risks assuming:
  - Rating agencies attribute a lower rating to the subordinated debt relative to the senior debt due to the lower priority in the cash flow waterfall (refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*)
  - Senior debt's rating needs to be credit enhanced to address collection and liquidity risks

To achieve cost efficiencies, the Trust was established with a tiered debt structure to achieve a higher credit rating for the senior debt and to maximize market capacity by accessing the AAA market to achieve cheaper financing costs overall. The following table summarizes the indicative pricing range by debt tranche:

Table 3: Indicative Pricing by Debt Tranche

Tranche and Debt Type	Risk Profile	Source	% of Total Funding Requirement	Rating Category Estimate	Current Pricing	Potential Rating Range	Price Based on Rating Range
Tranche A Senior Debt	Lowest Risk	Capital Market	51%	AAA	3.25%	AAA – AA	3.25% – 3.75%
Tranche B Subordinated Debt	Medium Risk	OPG via Province	39%	A	4.5%	AA – A	4.0% – 4.5%
Tranche C Junior Subordinated Debt	Highest Risk	OPG via Province	5%	BBB	5.5%	A – BBB	5.0% – 5.75%
		OPG via Capital Markets	5%				
Weighted Average					**4.0%**		**3.75% – 4.5%**

The credit range for each debt tranche will be determined by the overall credit strength of the financing structure and its resilience under various credit stress scenarios. The rating agencies' assessment of the guarantee to bondholders provided by the Change of Law Protection Agreement, discussed under the heading *Indemnifications*, is one of the major factors that will influence the final ratings of each debt tranche. In addition, in assessing credit stress, the following factors, among others, will be considered: (i) declining energy usage throughout the securitization period, (ii) forecast collections in peak months not materializing, and (iii) declining consumption equal to the largest absolute annual forecast error. The market capacity for

securitization notes is predominantly available for AAA-rated notes, limited for AA-rated notes, and not tested or developed for A-rated or lower. The pricing estimates provided in Table 3 reflect these credit and liquidity factors. Debt pricing will be finalized at the time of the initial issuance.

10. Financing Reserve and Capital Accounts

Section 5(1) of the General Regulation stipulates that the Finance Amount shall include any amounts the Trust deposits into capital or finance reserve accounts as required under the governing documents of the funding obligations (i.e. the MTI). The accounts also act as a credit enhancement feature in support of the Trust borrowings. Any unused balance in the segregated trust accounts at the end of the term will be credited to specified consumers. Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*, for the priority order of deposits into the reserve accounts.

The MTI between the Trust and the Indenture Trustee specifies the establishment and maintenance of the following key reserve accounts:

Finance Reserve Accounts

Program Cash Reserve Account

The Trust shall establish and maintain a Program Cash Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the specified creditors. Available collections not required to be paid to specified creditors at such time will be credited to a capital reserve account in accordance with the terms of any applicable funding obligation agreement. The funding obligation agreement for a series, class or tranche of funding obligations will specify whether such series, class or tranche has the benefit of a capital reserve account.

Series Finance Reserve Account

From time to time, the Trust may establish a Series Finance Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account may be established for the purpose of allowing the Trust to reserve funds to pay finance charges (including, without limitation, interest and payments under derivative agreements) for a series of issuer funding obligations. Payments of available collections shall be credited to this account, to the extent that there is a requirement for such funds, in accordance with the terms of the applicable funding obligation agreement and the MTI. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors.

Capital Reserve Account

Series Capital Reserve Account

From time to time, the Trust may establish a Series Capital Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This capital reserve account may be established for the sole purpose of allowing the Trust to accumulate funds to be used to make repayments in respect of funding obligations. Details of any period of accumulation and the

amounts to be accumulated shall be specified in the related funding obligation agreement. Payments of available collections shall be credited to this account, to the extent that there is a requirement for such funds, in accordance with the terms of the applicable funding obligation agreement and the MTI. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors.

11. Indemnifications

The following forms of indemnities are expected to be issued for the FHP Program:

Change of Law Protection Agreement **[MONITOR]**

The Change of Law Protection Agreement provides bondholders a guarantee in the event of a protection event and acts as a credit enhancement for the Trust's senior debt. The guarantee will be triggered if~~when~~:

i. the Province changes the Fair Hydro legislation/regulations or passes other legislation/regulation that materially adversely affects the ability of the Trust to service interest or principal payments on its debt, or

ii. the Act is declared invalid/unconstitutional.

Upon a protection event, the Province is required to either, at its election: (i) pay the specified claims consisting of all Finance Amounts, excluding ■ **[update],** owing by the Trust as they become due and payable, or (ii) assume the Trust's obligations as primary obligor, **[**in each case**]**, without acceleration of the specified claims.

Issuer Trustee

Each of the Issuer Trustee and its related parties will be indemnified out of the trust property from and against all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind arising out of, among other things, the declaration of trust or any other program agreement, the administration of the Trust's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, willful misconduct, bad faith or negligence.

Limited Recourse

The obligation of the Trust to pay principal and interest on the funding obligations is subject to the allocation and payment provisions in the MTI and the applicable funding obligation agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, OPG nor the Issuer Trustee in its individual capacity will be personally liable for the payment of the principal or interest on the notes or any other funding obligation, or for the Trust's covenants and agreements contained in the MTI.

12. Financial Services Manager's Fees

All fees charged by OPG to the Trust will be in accordance with the provisions of the General Regulation.

Subject to OEB approval, OPG is entitled to the following:

- For 2017, OPG will receive $3.1 million and an amount to cover up-front costs incurred between June 1 and December 31, 2017 by OPG on behalf of the Trust (e.g. legal fees, rating agency fees, trustee fees). The $3.1 million includes a $600,000 fee and $2.5 million to cover costs incurred prior to June 1, 2017. The expenses between June 1 and December 31, 2017 will also include direct costs of OPG employees who are dedicated exclusively to Fair Hydro matters.
- For January 2018 to March 2019, OPG will receive (i) a base fee equal to 7.5 basis points, divided by 12, multiplied by ~~times~~ the average monthly outstanding debt of the Trust, (ii) a variable fee that is calculated based on how the interest rate for external funding tranches for that period compare to forecast interest rates for the period (and which fee is limited to ± 2% of 5% of the total external funding tranches issued in the period), and (iii) third-party expenses and direct employee costs of dedicated Fair Hydro employees.
- For April 2019 to March 2020, and every 12 month period thereafter, OPG will make submissions to the OEB on the base fee, variable fee and expenses. The base fee will be based on comparable fees charged by full-service managers of securitization vehicles (and other similar funds). The variable fee will be calculated in the same manner noted above, but with a refresh of forecast interest rates for the relevant period. For 2019 onward, the expenses will include direct employee costs of dedicated Fair Hydro employees only if the fees of comparable managers also include such direct costs.

A written confirmation from OPG's external auditor or another external auditor is required to accompany each submission to the OEB for the recovery of expenditures incurred by OPG on behalf of the Trust. The report shall confirm the accuracy of the costs and expenditures charged to the Trust, that such amounts were incurred by OPG, and the amounts were paid to third parties (with the exception of direct employee costs).

C. Other Considerations

1. Market

The FHP Program's financing platform was developed to allow for access to both the Canadian and US markets in order to have the best pricing and flexibility options. To the extent that the Canadian market has sufficient capacity and provides cost efficiency, priority will be given to the domestic market. However, there is no precedence in the Canadian market for term ABS notes longer than 10 years, nor the size of funding required by the FHP Program. Due to this, the ability to access the US market provides the program additional financing capacity in the event that the Canadian market cannot support the financing requirement. The FSM will make its decision on which market to access on a deal-by-deal basis.

For the initial debt issuance in 2017, it is anticipated that a term ABS funding will be sourced from the Canadian market as it is expected to be more cost efficient given current market conditions.

2. Application of Recovery Amounts to Funding Obligations

The MTI outlines the payment priorities for the Trust's receipt of cash flows. Figure 5 below summarizes the significant components of the waterfall.

Figure 5: Waterfall for Fair Hydro Trust Cash Collection

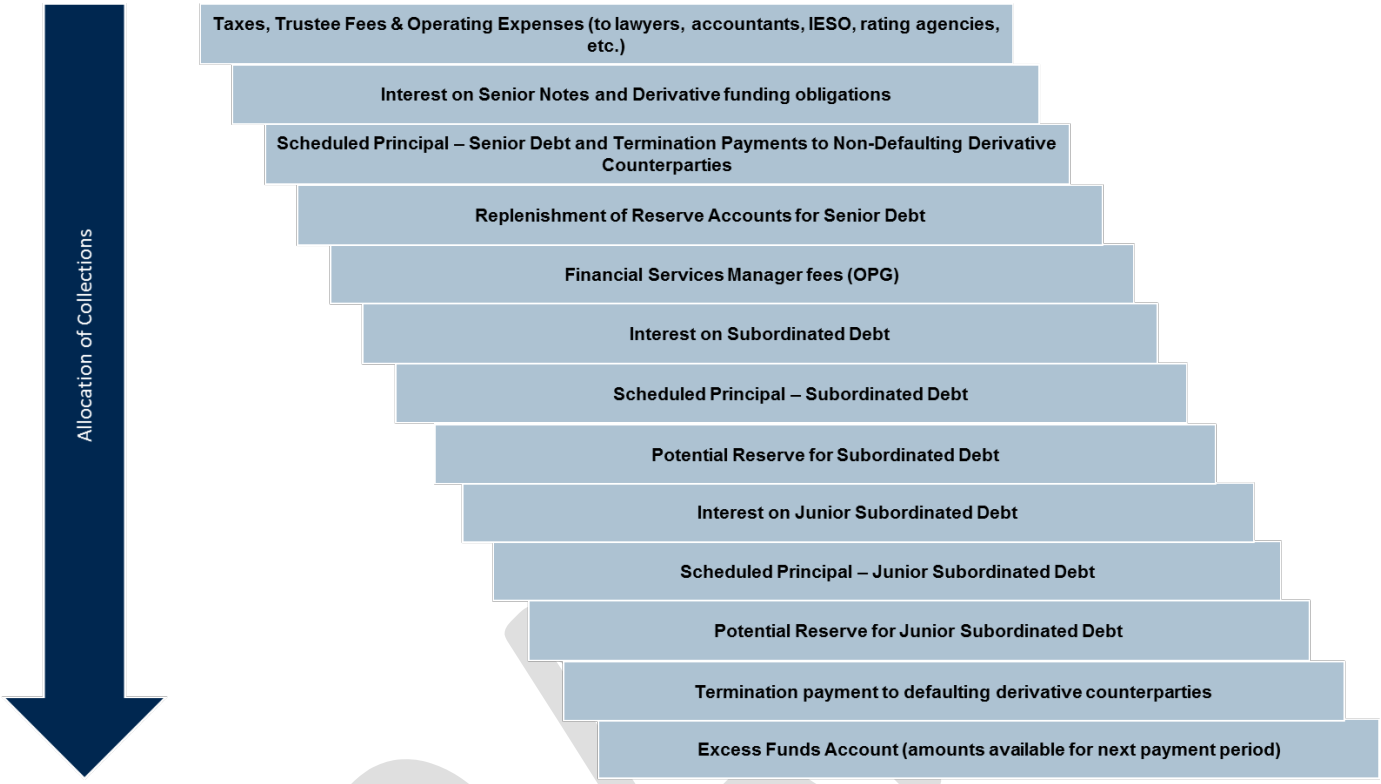

Payment Priorities

On each payment date, all amounts on deposit in the collection account will be paid out in the following order of priority:

1. to pay (A) all taxes exigible for which a governmental authority is given priority over the specified creditors under the laws of the applicable jurisdiction, and then (B) fees, expenses and reimbursements owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of ■ percent[1] of the outstanding principal amount of all funding obligations at such time;
2. to pay (A) interest, fees and other amounts owing in respect of senior debt and (B) amounts payable to derivative counterparties other than termination payments;
3. to pay (A) principal owing in respect of senior debt to the extent required to satisfy any payment of principal; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;
4. to deposit or transfer to any reserve account in respect of senior debt, the amount required pursuant to the applicable funding obligation agreement;
5. to pay fees, expenses, reimbursement and indemnity amounts owing to OPG;
6. to pay interest, fees and other amounts owing in respect of subordinated debt;

[1] To be confirmed.

7. to pay principal owing in respect of subordinated debt to the extent required to satisfy any payment of principal;
8. to deposit or transfer to any reserve account related solely to subordinated debt the amount required pursuant to the applicable funding obligation agreement;
9. to pay interest, fees and other amounts owing in respect of junior subordinated debt;
10. to pay principal owing in respect of junior subordinated debt to the extent required to satisfy any payment of principal;
11. to deposit or transfer to any reserve account related solely to junior subordinated debt the amount required pursuant to the applicable funding obligation agreement;
12. to pay termination payments owing to derivative counterparties where the derivative counterparty is the defaulting party or the sole affected party; and
13. to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all funding obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Trust.

3. Risk Mitigation Strategies

Currency Risk

If the Canadian market cannot support the financing capacity of the FHP Program in the future and/or it is less cost efficient than the US market at the time of each subsequent debt issuance, the Trust will access the US market for long term financing.

Under this scenario, hedges will be considered to mitigate currency exposure. For the initial debt issuance in 2017, it is anticipated that funding will be sourced from the Canadian market only as it is expected to be more cost efficient and there is sufficient market capacity.

Interest Rate and Refinancing Risk

The FHP Program is expected to span over a 30-year period until 2047 with various series of notes expected to be issued at various maturity dates. Given the long-term timeline of the program, it is subject to interest rate and refinancing risk.

Interest rate hedges, including bond forwards and/or forward start interest rate swaps, will be considered in the future to mitigate potential interest rate risk and/or refinancing risk in a cost-efficient manner.

4. Tax Minimization Strategies

Beneficiary – FHP2017 Inc.

The majority unitholder and beneficiary of the Trust is exempt from federal tax under section 149 of the *Income Tax Act, Canada* and from Ontario tax under section 27 of the *Ontario Taxation Act, 2007*.

The beneficiary is subject to payments in lieu of federal and provincial income taxes (PILs). In order to minimize the tax associated with the Fair Hydro Plan, an exemption from PILs payable

on income from the Trust was secured for the beneficiary **[MONITOR]**. This will result in a reduction in the income tax costs related to the Financing Plan.

Fair Hydro Trust

Trust income will be fully distributed to unitholders to ensure that there is no tax payable by the Trust.

D. Execution Plan for the Inaugural Debt Issuance

It is anticipated that the first term ABS notes will be issued in the 1st or 2nd week of December 2017 to purchase the accumulated regulatory assets from the IESO, expected to be approximately $1 billion at that time. Accordingly, the expected size of the senior debt tranche is approximately $500 million representing the 51 percent funding structure allocation from capital markets. In the event the term markets do not have sufficient capacity for the full required funding of $500 million, the warehouse facility will be utilized. OPG will purchase subordinated and junior subordinated debt issued by the Trust for approximately $500 million representing the remaining 49 percent of the total funding requirement.

Key Activities

The following table outlines the key activities required to execute the first purchase of the Investment Asset:

Activity	2017 Timeline
Rating Agencies' Assessment	End of November
Marketing & Roadshow	Last week of November – 1st week of December
Term Debt Closing & Funding	1st – 2nd week of December
Warehouse Facility Closing & Funding	2nd week of December

DRAFT

From: Gadi Mayman
To: Mike Manning; Ronald Kwan; Ken Kandeepan
Cc: Anna Strathy; Usman Zahid
Subject: Fwd: FHP Trust Offering
Date: Friday, February 09, 2018 8:11:41 PM

Begin forwarded message:

> **From:** "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
> **Date:** February 9, 2018 at 7:14:05 PM EST
> **To:** "Orsini, Steve (CAB)" <Steve.Orsini@ontario.ca>
> **Cc:** "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwamena, Boafoa (CAB)" <Boafoa.Kwamena@ontario.ca>, "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
> **Subject: Re: FHP Trust Offering**
>
> Steve,
>
> Today OPG advised that the remainder of the debt is split between $382 million of “subordinated” debt at an interest rate of 3.637% and $98 million of “junior subordinated” debt at 3.957%.
>
> The effective interest rate of 3.526% is the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated).
>
> Sent from my iPad
>
> On Feb 7, 2018, at 6:22 PM, Orsini, Steve (CAB) <Steve.Orsini@ontario.ca<mailto:Steve.Orsini@ontario.ca>> wrote:
>
> Serge,
>
> Thanks. Please let us know the outcome of your analysis.
>
> From: Imbrogno, Serge (ENERGY)
> Sent: February 7, 2018 6:21 PM
> To: Orsini, Steve (CAB)
> Cc: Davidson, Steven (CAB); Kwamena, Boafoa (CAB)
> Subject: Re: FHP Trust Offering
>
> Steve,

A number of inputs will vary over the thirty-year life of the GA refinancing program and will continue to be revised to reflect changing conditions (e.g., changes in interest rates).

The Ministry analysis underpinning the 2017 Fair Allocation Amount (FAA) included a 5.0% average interest rate over the life of the GA refinancing program (i.e., 30 years). Note: Navigant's modelling of GA refinancing assumed an interest rate of 4.5%. In the development of the 2017 FAA the interest rate assumptions were revised to 5% based on consultations with OPG.

The announcement yesterday that OPG was able to secure an interest rate of 3.357% for the senior debt on its first issuance has a 15 year term and a value of $500 million.

OPG advises that the remainder of the debt is split between "subordinated" and "junior subordinated" debt. The effective interest rate will be the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated). OPG is expected to finalize the pricing for the subordinated and junior subordinated debt within the next 48 hours. The pricing will be based in part on the pricing of the senior series.

Sent from my iPad

On Feb 6, 2018, at 10:29 PM, Orsini, Steve (CAB) <Steve.Orsini@ontario.ca<mailto:Steve.Orsini@ontario.ca>> wrote:
Thanks Serge.

How does this compare to the costs assumed in the modelling?

From: Imbrogno, Serge (ENERGY)
Sent: February 6, 2018 2:36 PM
To: Orsini, Steve (CAB); Davidson, Steven (CAB)
Cc: Kwamena, Boafoa (CAB)
Subject: FHP Trust Offering

Hi Steve,

Not sure if you received an update already, but below is the result of the OPG Trust financing this afternoon for the OFHP:

- OPG has informed us that pricing has been confirmed at 3.357% and they financed $500m.

- This is 92 bps over GOC, so it is still the lowest cost.

- The OFA has confirmed that the issue was 23 bps over the Ontario curve.

OPG is providing a technical briefing for the media at 3:00.

From: Ronald Kwan
To: John Kim; Bruno Amara
Subject: Fwd: FHP Trust Offering
Date: Wednesday, February 07, 2018 9:31:31 PM

FYI.

Ron

Begin forwarded message:

> **From:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Date:** February 7, 2018 at 9:22:03 PM EST
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>, Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject: Fwd: FHP Trust Offering**
>
> A partial answer to your question about the sub debt via the SoC.
>
> Begin forwarded message:
>
> > **From:** "Orsini, Steve (CAB)" <Steve.Orsini@ontario.ca>
> > **Date:** February 7, 2018 at 6:22:54 PM EST
> > **To:** "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
> > **Cc:** "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwamena, Boafoa (CAB)" <Boafoa.Kwamena@ontario.ca>
> > **Subject: RE: FHP Trust Offering**
> >
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> >
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> >
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> > **Sent:** February 7, 2018 6:21 PM
> > **To:** Orsini, Steve (CAB)
> > **Cc:** Davidson, Steven (CAB); Kwamena, Boafoa (CAB)
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OPG advises that the remainder of the debt is split between "subordinated" and "junior subordinated" debt. The effective interest rate will be the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated). OPG is expected to finalize the pricing for the subordinated and junior subordinated debt within the next 48 hours. The pricing will be based in part on the pricing of the senior series.

Sent from my iPad

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> **Cc:** Kwamena, Boafoa (CAB)
> **Subject:** FHP Trust Offering
>
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From: Gadi Mayman
To: Ronald Kwan
Cc: Anna Strathy; Usman Zahid
Subject: Fwd: FHP Trust Offering
Date: Wednesday, February 07, 2018 9:22:04 PM

A partial answer to your question about the sub debt via the SoC.

Begin forwarded message:

> **From:** "Orsini, Steve (CAB)" <Steve.Orsini@ontario.ca>
> **Date:** February 7, 2018 at 6:22:54 PM EST
> **To:** "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
> **Cc:** "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwamena, Boafoa (CAB)" <Boafoa.Kwamena@ontario.ca>
> **Subject: RE: FHP Trust Offering**
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> **Sent:** February 7, 2018 6:21 PM
> **To:** Orsini, Steve (CAB)
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> **Subject:** Re: FHP Trust Offering
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> Steve,
>
> A number of inputs will vary over the thirty-year life of the GA refinancing program and will continue to be revised to reflect changing conditions (e.g., changes in interest rates).
>
> The Ministry analysis underpinning the *2017* Fair Allocation Amount (FAA) included a 5.0% average interest rate over the life of the GA refinancing program (i.e., 30 years). Note: Navigant's modelling of GA refinancing assumed an interest rate of 4.5%. In the development of the 2017 FAA the interest rate assumptions were revised to 5% based on consultations with OPG.
>
> The announcement yesterday that OPG was able to secure an interest rate of 3.357% for the senior debt on its first issuance has a 15 year term and a value of $500 million.

OPG advises that the remainder of the debt is split between "subordinated" and "junior subordinated" debt. The effective interest rate will be the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated). OPG is expected to finalize the pricing for the subordinated and junior subordinated debt within the next 48 hours. The pricing will be based in part on the pricing of the senior series.

Sent from my iPad

On Feb 6, 2018, at 10:29 PM, Orsini, Steve (CAB) <Steve.Orsini@ontario.ca> wrote:

Thanks Serge.

How does this compare to the costs assumed in the modelling?

From: Imbrogno, Serge (ENERGY)
Sent: February 6, 2018 2:36 PM
To: Orsini, Steve (CAB); Davidson, Steven (CAB)
Cc: Kwamena, Boafoa (CAB)
Subject: FHP Trust Offering

Hi Steve,

Not sure if you received an update already, but below is the result of the OPG Trust financing this afternoon for the OFHP:

- OPG has informed us that pricing has been confirmed at 3.357% and they financed $500m.

- This is 92 bps over GOC, so it is still the lowest cost.

- The OFA has confirmed that the issue was 23 bps over the Ontario curve.

OPG is providing a technical briefing for the media at 3:00.

From: Ronald Kwan
To: John Kim; Bruno Amara
Cc: Usman Zahid
Subject: Fwd: FHP Trust Offering
Date: Friday, February 09, 2018 9:06:18 PM

Hi,

Note the weighted average.

Ron

Begin forwarded message:

> **From:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Date:** February 9, 2018 at 8:11:40 PM EST
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>, Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject: Fwd: FHP Trust Offering**
>
> Begin forwarded message:
>
> > **From:** "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
> > **Date:** February 9, 2018 at 7:14:05 PM EST
> > **To:** "Orsini, Steve (CAB)" <Steve.Orsini@ontario.ca>
> > **Cc:** "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwamena, Boafoa (CAB)" <Boafoa.Kwamena@ontario.ca>, "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
> > **Subject: Re: FHP Trust Offering**
> >
> > Steve,
> >
> > Today OPG advised that the remainder of the debt is split between $382 million of “subordinated” debt at an interest rate of 3.637% and $98 million of “junior subordinated” debt at 3.957%.
> >
> > The effective interest rate of 3.526% is the weighted average of these three series of debt (i.e., senior, subordinated and junior

subordinated).

Sent from my iPad

On Feb 7, 2018, at 6:22 PM, Orsini, Steve (CAB) <Steve.Orsini@ontario.ca<mailto:Steve.Orsini@ontario.ca>> wrote:

Serge,

Thanks. Please let us know the outcome of your analysis.

From: Imbrogno, Serge (ENERGY)
Sent: February 7, 2018 6:21 PM
To: Orsini, Steve (CAB)
Cc: Davidson, Steven (CAB); Kwamena, Boafoa (CAB)
Subject: Re: FHP Trust Offering

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A number of inputs will vary over the thirty-year life of the GA refinancing program and will continue to be revised to reflect changing conditions (e.g., changes in interest rates).

The Ministry analysis underpinning the 2017 Fair Allocation Amount (FAA) included a 5.0% average interest rate over the life of the GA refinancing program (i.e., 30 years). Note: Navigant's modelling of GA refinancing assumed an interest rate of 4.5%. In the development of the 2017 FAA the interest rate assumptions were revised to 5% based on consultations with OPG.

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Sent from my iPad

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To: Orsini, Steve (CAB); Davidson, Steven (CAB)
Cc: Kwamena, Boafoa (CAB)
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OPG is providing a technical briefing for the media at 3:00.

From:	Ronald Kwan
To:	Gadi Mayman
Cc:	Anna Strathy
Subject:	Fwd: Fair Hydro Trust -- Term Closing
Date:	Tuesday, April 24, 2018 3:46:14 PM
Attachments:	OFHP supporting data for OFA_v0.1._EFB-FinancingPlanUpdate_v2.xlsx ATT00001.htm

---

Hi Gadi,

FYI.

Ron

Begin forwarded message:

> **From:** John Kim <John.Kim@ofina.on.ca>
> **Date:** April 24, 2018 at 3:33:59 PM EDT
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject: RE: Fair Hydro Trust -- Term Closing**
>
> Hi Ron,
>
> So the spread seems to have widened from the dealer survey information the day of the senior debt issue. It was around 46bps but now in the attached actual, the spread averaged to 51.2bps. [Using the dealer email indicating 32bps from Ontario which implied 3.2% for Ontario.]
>
> The difference in interest paid widened to 2.48bn (from the earlier prelim number we had of 2.2bn based on dealer survey numbers]. Naturally, we can ask why it widened.
>
> Attached spreadsheet provides additional details, if you're interested.
>
> Also, related to Gadi's inquiry last week and we have the actual rates for the sub debt issues.
>
> Thanks,
>
> John
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Tuesday, April 24, 2018 2:30 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** Fw: Fair Hydro Trust -- Term Closing

Hi,

Please review.

Ron

From: Anna Strathy
Sent: April 24, 2018 2:26 PM
To: Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc: Usman Zahid; Opal Kandelas
Subject: FW: Fair Hydro Trust -- Term Closing

FYI

From: Krasic, Aida (MOF) [mailto:Aida.Krasic@ontario.ca]
Sent: Tuesday, April 24, 2018 1:06 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hello Male,
Please find attached fax that DMO received from TORYS LLP regarding the Fair Hydro Plan –Deliveries under Change of Law Process Agreement.
As per Paul's email from Feb 9th, I am copying all on this email as well.
Thanks
Aida

From: Dupuis, Paul (MOF)
Sent: February 9, 2018 10:35 AM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Krasic, Aida (MOF) <Aida.Krasic@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Spadoni, Peter (MOF) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

This message has been archived. View the original item
Hi Malle,

As requested please see attached. I have also copied Karen Cook (MO Office

Mgr) and Peter Spadoni (Mgr of MoF Correspondence) as it may have also been sent to their fax machines as it i

Attachments:

image001.jpg	(5 KB)
FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf	(1.3 MB)

NOTE: *Draft version for Comment. Inputs and assumptions may not be consistent with best information available.*

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis		
Provincial Borrowing	3.71%	*<-- Change this number to test differ*
Basis Points	00 bp	*<-- Number used for scenario analys*
Total (Interest Rate)	3.7119%	
Model Circularity	ON	

OUTPUTS:

Interest Calculation		
Interest Rate:	3.71%	
Year Interest Payments Stop:	2045	
Total Interest Paid:	11,368	*NOTE: Calculations do not match En*
Peak Debt:	18,569	

SENSITIVITIES: *Determine sensitivites at various rates*

		Total Interest Paid
Provincial Borrowing	Provincial Borrowing +	Provincial Borrowing +
11,368	0 bp	30 bp
3.12%	8,542	9,885
3.50%	10,275	11,857
3.75%	11,578	13,362
4.00%	13,047	15,075
4.25%	14,716	17,030
4.50%	16,619	19,200

Sensitivites and difference compared to provincial borrowing

	Difference in Interest Paid Compared to Provin	
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	1,343
3.50%	-	1,582
3.75%	-	1,784
4.00%	-	2,028
4.25%	-	2,314
4.50%	-	2,580

ISSUANCE ANALYSIS:

		Weighted Average Borrowing Calcul
Tranche A - Senior Debt	51%	FHT:
Tranche B - Sub Debt	39%	OPG via Province
Tranche C - Jr. Sub Debt	10%	OPG via Province & Cap Mkts

WEIGHTED AVERAGE:

FHT Weighted Average Rate:	3.712%	
FHT Interest Paid	11,368	
Peak Debt:	18,569	
Provincial Borrowing at Issuance:	3.20%	*Source: OFA*
Provincial Interest Paid:	8,887	
Peak Debt:	17,752	
Difference in Interest Paid:	**2,481**	
Difference in Peak Debt:	**817**	

›ber 19 Analysis by EFB

rent interest rates
:is

ergy's methodology exactly in Developing FAA/RA. Subject to updates and refinement.

Provincial Borrowing + 40 bp	Provincial Borrowing + 50 bp
10,374	10,879
12,432	13,047
14,017	14,716
15,821	16,619
17,874	18,750
20,124	21,083

cial Borrowing:	
Provincial Borrowing + 40 bp	Provincial Borrowing + 50 bp
1,832	2,337
2,156	2,771
2,439	3,138
2,774	3,573
3,158	4,034
3,505	4,464

ation	
3.520%	*Source: Debt Issuance Document*
3.834%	*Source: Debt Issuance Document*
4.214%	*Source: Debt Issuance Document*

3.712%

OFHP debt and interest projections, by calendar year

$ nominal million	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*	(1,396)
Interest Paid	32
Closing Debt Balance	1,428

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest
Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017
Source: Ministry of Energy

Attempted recreation by EFB ($ nominal Million)

Interest:
Year Interest Payments Stop:
Total Interest Paid - Positive:
Peak Debt:

	2017
*FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment**	
(Exactly from above)	1,396
Interest Paid (attempted recreation) [EFB Calculation]	26
Closing Debt Balance [EFB Calculation]	1,423
	-5.74

	2018	2019	2020	2021	2022
	(2,189)	(2,296)	(2,414)	(2,204)	(1,700)
	116	225	343	466	577
	3,734	6,254	9,011	11,681	13,958

3.71%

2045 *(note: array formula)*

11,368

18,569

	2018	**2019**	**2020**	**2021**	**2022**
	2,189	2,296	2,414	2,204	1,700
					Additional Borrowing/F
	95	184	280	378	466
	3,707	6,186	8,879	11,461	13,627
	-26.68	***-67.79***	***-131.64***	***-219.70***	***-330.96***

2023	2024	2025	2026	2027
(1,050)	(492)	(61)	79	129
667	733	778	814	851
15,674	16,899	17,677	18,491	19,342

2023	**2024**	**2025**	**2026**	**2027**
1,050	492	61	(79)	(129)
	Cross Over Point:	(61)		
	Borrrowing Still Required:		79	129
Repayments [Reason Unknown, Plug]:				
535	585	616	639	664
15,212	16,289	16,905	17,544	18,207
-462.45	***-610.73***	***-772.66***	***-947.11***	***-1134.84***

2028	2029	2030	2031	2032
354	714	1,251	1,188	1,348
883	896	888	872	854
19,904	19,904	19,541	19,226	18,732

2028	**2029**	**2030**	**2031**	**2032**
(354)	(714)	(1,251)	(1,188)	(1,348)
33.45	(182)			
683	685	671	650	627
18,569	18,359	17,779	17,241	16,520
-1335.34	***-1545.69***	***-1762.53***	***-1984.85***	***-2212.33***

2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773

2033	**2034**	**2035**	**2036**	**2037**
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
598	558	503	443	380
15,698	14,356	12,772	11,087	9,405
-2444.06	***-2677.73***	***-2910.37***	***-3140.53***	***-3367.72***

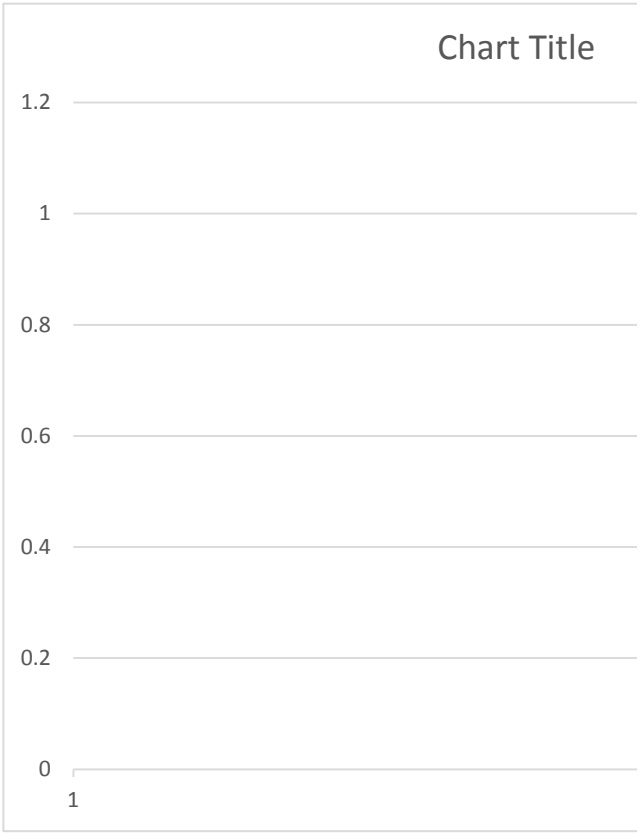
Chart Title
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0
1

2038	2039	2040	2041	2042
2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713

2038	**2039**	**2040**	**2041**	**2042**
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
316	254	201	153	107
7,622	6,081	4,755	3,516	2,244
-3591.40	***-3811.97***	***-4031.14***	***-4250.06***	***-4468.94***

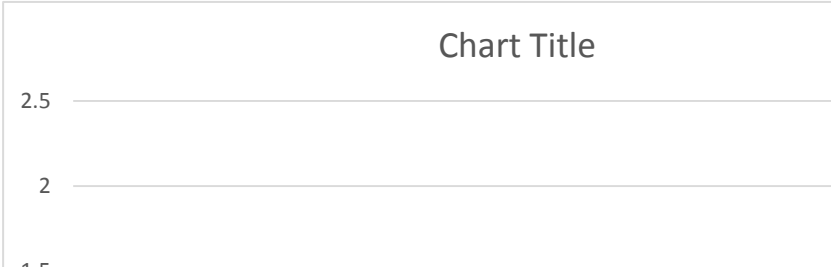

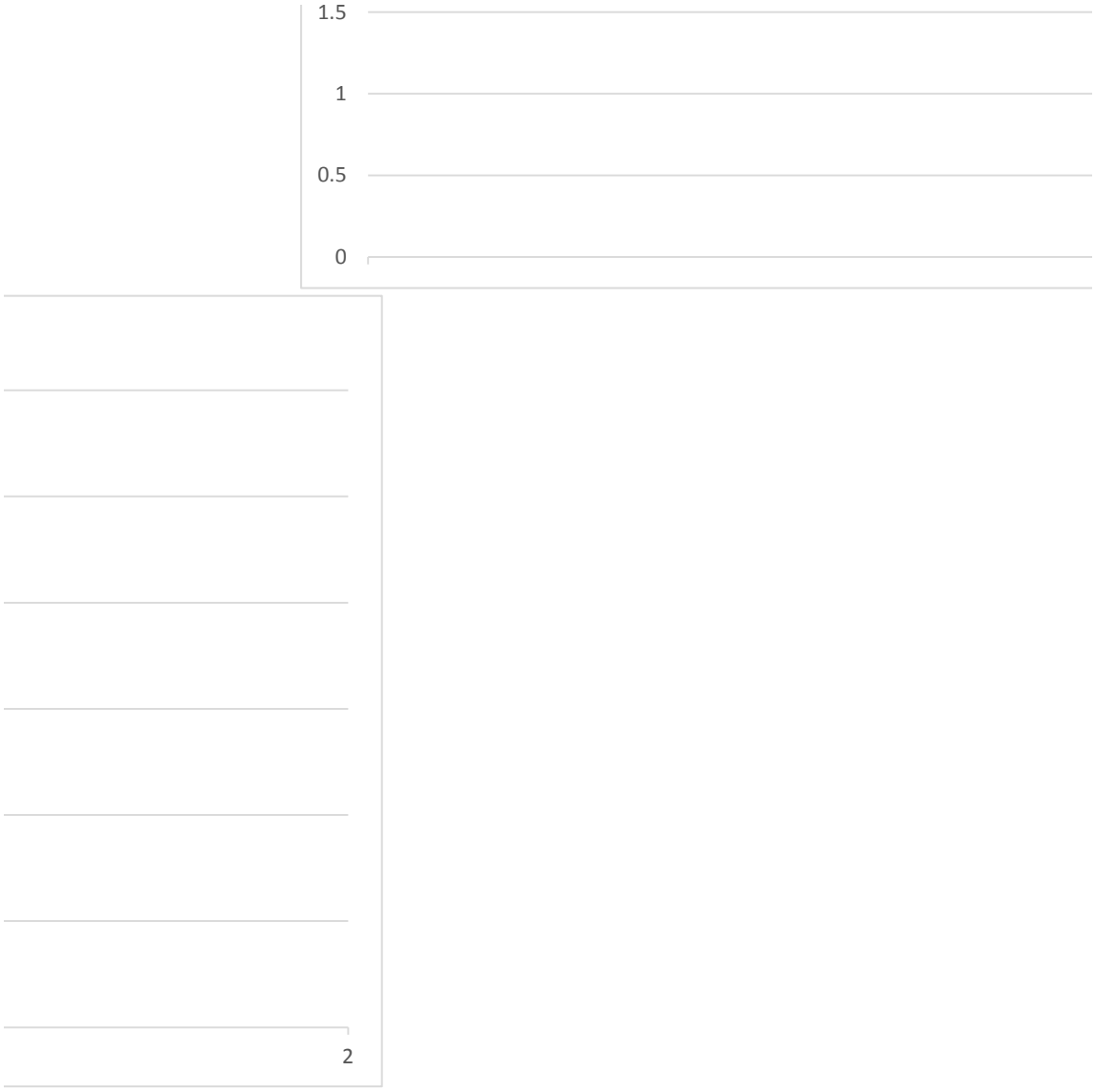
1.5
1
0.5
0
2

2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0

2043	**2044**	**2045**	**2046**	**2047**
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
60	12	(38)	(94)	(165)
994	(335)	(1,730)	(3,350)	(5,549)
-4687.72	***-4906.18***	***-5123.72***	***-5339.11***	***-5549.02***

From: Ronald Kwan
To: John Kim
Subject: Fwd: Fair Hydro Trust -- Term Closing
Date: Tuesday, April 24, 2018 6:33:26 PM

Hi John,

Could you see if you can track this down. It might help with assessing the early info on future issuances too.

Thanks,
Ron

Begin forwarded message:

> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** April 24, 2018 at 5:43:35 PM EDT
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject: Re: Fair Hydro Trust -- Term Closing**
>
> Hi Gadi,
>
> I passed on the email from John shortly after getting it, so he did not have that information. He was wondering if the survey provided on Friday was an incomplete sample at that time. I can see if he has had any success in getting a response.
>
> Ron
>
> ---
>
> **From:** Gadi Mayman
> **Sent:** April 24, 2018 5:40 PM
> **To:** Ronald Kwan
> **Cc:** Anna Strathy
> **Subject:** Re: Fair Hydro Trust -- Term Closing
>
> Thanks. Did we get an answer as to why they priced it at a spread of 51.2 bpts instead of the dealer survey indication of 46 bpts?

Gadi

On Apr 24, 2018, at 3:46 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

Hi Gadi,

FYI.

Ron

Begin forwarded message:

From: John Kim <John.Kim@ofina.on.ca>
Date: April 24, 2018 at 3:33:59 PM EDT
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Usman Zahid <Usman.Zahid@ofina.on.ca>
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Attached spreadsheet provides additional details, if you're

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Thanks,

John

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Subject: Fw: Fair Hydro Trust -- Term Closing

Hi,

Please review.

Ron

From: Anna Strathy
Sent: April 24, 2018 2:26 PM
To: Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc: Usman Zahid; Opal Kandelas
Subject: FW: Fair Hydro Trust -- Term Closing

FYI

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Sent: Tuesday, April 24, 2018 1:06 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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Hello Male,

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As per Paul's email from Feb 9th, I am copying all on this email as well.

Thanks

Aida

From: Dupuis, Paul (MOF)
Sent: February 9, 2018 10:35 AM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Krasic, Aida (MOF) <Aida.Krasic@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Spadoni, Peter (MOF) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

This message has been archived. View the original item

Hi Malle,

As requested please see attached. I have also copied Karen Cook (MO Office Mgr) and Peter Spadoni (Mgr of MoF Correspondence) as it may have also been sent to their fax machines as it i

Attachments:

image001.jpg	(5 KB)
FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf	(1.3 MB)

<OFHP supporting data for OFA_v0.1._EFB-FinancingPlanUpdate_v2.xlsx>

From:	John Kim
To:	Ronald Kwan
Cc:	Shajee Kathirgamanathan
Subject:	Fwd: OPG senior debt
Date:	Thursday, May 31, 2018 5:10:24 PM

FYI and we will go with 4 bps and get that done tomorrow.

Sent from my iPhone

Begin forwarded message:

> **From:** Carlos Yep <Carlos.Yep@ofina.on.ca>
> **Date:** May 31, 2018 at 4:46:16 PM EDT
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
> **Subject: RE: OPG senior debt**
>
> John
> I do not have the actual commissions for the 2033 bond but would guess about 4bps on either
>
> on the 2038 bond 55cents / 14.1y mod duration = 3.9bps
>
> BTW - I am also assuming that the bonds were priced at PAR ($100.000) therefor the yield equals the coupon
>
> C
>
> -----Original Message-----
> From: John Kim
> Sent: Thursday, May 31, 2018 4:38 PM
> To: Carlos Yep <Carlos.Yep@ofina.on.ca>
> Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
> Subject: Re: OPG senior debt
>
> So the 3.520% and 3.357%...what would they be with commission?
>
> Sent from my iPhone
>
> > On May 31, 2018, at 4:36 PM, Carlos Yep <Carlos.Yep@ofina.on.ca> wrote:
> >
> > John,
> >
> > No, the commission was not included. Commission on the 2038

bonds was $0.55

15May2033 $500M 3.357% priced on 06Feb2018 at GoC2033 + 91.9

15may2038 $400M 3.520% priced on 19Apr2018 at GoC2037 + 107.6

Regards

Carlos

-----Original Message-----

From: John Kim

Sent: Thursday, May 31, 2018 4:24 PM

To: Carlos Yep <Carlos.Yep@ofina.on.ca>

Subject: OPG senior debt

Hi Carlos,

On April 24 and in February when the senior debt was issued, we got the rates at which the notes were issued. Would you know if the rate would be inclusive of commission or if not what the commission would be?

I am offsite so cannot chat.

John

Sent from my iPhone

<sg2018053159339.gif>

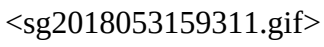

From: Christie, Tim (ENERGY)
To: Ronald Kwan
Subject: Investor presentation
Date: Tuesday, January 02, 2018 11:32:23 AM

Hi Ron, are you planning to send any comments over to OPG on the investor presentation? We have a few, but there are a few places where we're hoping the OFA is also reviewing, particularly around the support agreement.

TIm

From: Ronald Kwan
To: Gadi Mayman; Bonnie Lemcke
Subject: RE: (BN) Ontario Forms New Trust to Tap Markets for Hydro Subsidies
Date: Friday, March 03, 2017 3:30:31 PM

Agreed. It might be good if someone talked to Jeff (or Serge).

Ron

From: Gadi Mayman
Sent: March-03-17 15:16
To: Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: (BN) Ontario Forms New Trust to Tap Markets for Hydro Subsidies

The equity raising is a new concept, unless he was referring to the equity that the Province is going to put into OPG>

From: Bonnie Lemcke
Sent: Friday, March 03, 2017 3:11 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: (BN) Ontario Forms New Trust to Tap Markets for Hydro Subsidies

You may not have seen this Bloomberg article.

Ontario Forms New Trust to Tap Markets for Hydro Subsidies
2017-03-02 21:18:47.509 GMT

By Maciej Onoszko
(Bloomberg) -- Ontario Power Generation Inc. will set up a special purpose vehicle that will raise funds to help finance subsidies announced Thursday to curb soaring electricity bills in Canada's most-populous province.
Ontario's largest power generation company will manage the new entity for the province and its electricity system operator, known as IESO. The vehicle will tap bond and possibly equity markets for funding, said Chief Executive Officer Jeff Lyash. "We've got the scale to do this, we have got access to debt markets, relationships with credit rating agencies, we have the internal capabilities," Lyash said by phone on Thursday. "We're basically a service provider -- think about it like a trust."
Ontario's plan includes refinancing investments in power generation over longer periods to reduce electricity costs in the short term. The province plans to push back the cost of the so-called global adjustment, which is a charge that covers the

costs the power industry has incurred as part of its multi-billion dollar investment in facilities.

It will probably take a few months to set up the trust as the province needs to create the regulatory framework for the changes, Lyash said, adding the vehicle will be run separate from the rest of OPG's business. He declined to say how much money the entity would raise.

The trust will most likely access the bond market, but it could raise equity too, Lyash said, adding final decisions haven't been made.

The immediate reduction in the global adjustment will amount to about C$2.5 billion per year on average over the first 10 years, the province said in a presentation of its proposal on Thursday. The additional financing will add up to C$1.4 billion a year in interest payments.

To contact the reporter on this story:
Maciej Onoszko in Toronto at monoszko@bloomberg.net
To contact the editors responsible for this story:
David Scanlan at dscanlan@bloomberg.net;
Christopher DeReza at cdereza1@bloomberg.net
Jacqueline Thorpe

From: Ronald Kwan
To: Gadi Mayman
Subject: RE: CBN Fact Check
Date: Thursday, June 08, 2017 1:32:12 PM

He's a busy guy.

Ron

From: Gadi Mayman
Sent: June-08-17 13:26
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: CBN Fact Check

I didn't get one last week, and haven't seen one yet today.

From: Ronald Kwan
Sent: Thursday, June 08, 2017 1:25 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: RE: CBN Fact Check

Is Scott N. still sending out his weekly summaries?

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To:	Gadi Mayman; Ken Kandeepan
Cc:	David McLean (MOF); Anna Strathy; Gavin He
Subject:	RE: CBN Fact Check
Date:	Thursday, June 08, 2017 1:15:22 PM

Hi,

You may have also noted the part on page 4 on "Planned payment flows will follow the same reimbursement process under the ORECA, including requirements to provide information for reimbursement purposes, duty to provide information, records, and invoicing requirements."

Not sure if this may mean a potential forthcoming Energy request to the OFA for an MOU like the ORECA one – staff will follow-up.

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Attachments:	Regulations 6 June 2017.docx

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  - Details on how the interest on the Trust debt will be managed; and
  - The Clean Energy Adjustment as it relates to repayment from 2027 onwards.

Comments from CEFD will be relayed separately by Gavin.

Thanks, Anna

From: Ken Kandeepan
Sent: Thursday, June 08, 2017 11:34 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>

Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: CBN Fact Check

Anna/Gadi

Agree with Gadi's point re accounting risks. No need for regulations for both the guarantee and the new credit facility to IESO(confirmed with Malle). I would also suggest that the objectives of the proposed regulations spelled out on page 6 include:

- Details on how the interest on the Trust debt will be managed and
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Thanks

Ken k

From: Gadi Mayman
Sent: Thursday, June 08, 2017 11:04 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Re: CBN Fact Check

I find it interesting that in the Risks section there is a lengthy description of the constitutional risk in the Legal subsection, but there is no mention of the accounting risks in the Fiscal subsection, in spite of the AG's stated position at Committee on this. I think that it's a gap that needs to be at least mentioned in the CBN, doesn't it?

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Thanks,
Gadi

On Jun 8, 2017, at 10:46 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Latest CBN for review and fact check. Dave is looking for our comments by 1:30pm. Ron is also reviewing.
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> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
> **Subject:** CBN Fact Check

Hi Anna and Gavin,

Attached is the latest CBN for Energy's OESP reg. It is tracking to June 27th as part of the first of two bundles of regulations required for the implementation of the Ontario Fair Hydro Plan.

CO has a hard deadline of 2:00 today, so I'm wondering if you guys can please have your teams review and provide comments (if any) to me by 1:30?

Thanks,
Dave

<REG-11477_ID49242_LRC_CBN- DRAFT- OFHP regulations v5.docx>

Updated: June 6, 2017

Regulations – Master List	
Social Programs	
• OESP O. Reg. 314/15 – amendments	Now tracking to June 27
• RRRP expansion to R2	In progress
• Distribution Rate Protection	Ready
• First Nation Rate Distribution	Ready
• Bill Presentment – require bill insert quarterly; prescribed messages; First Nations Delivery credit	Ready
GA Refinancing	
• Part II Reg.	In progress
• General Regulation	June 27
• O. Reg. 429/04 (GAM) – amendments	No longer required
• O. Reg. 280/14 (IESO Eligible Borrowing) – amendments	Ready
Other – Bill Presentment	
• O. Reg. 364/16 – repeal in part to remove 8% on bill and on envelope messaging; exempt Hydro One	COMPLETED
• O. Reg. 442/01 – remove RRRP messaging for Hydro One	Ready
• O. Reg. 275/04 – remove DRC message; exempt Hydro One	Ready

From:	Ronald Kwan
To:	Gadi Mayman
Subject:	RE: CBN Fact Check
Date:	Wednesday, June 14, 2017 3:50:58 PM
Attachments:	OPG-Gantt-Chart_Jn8-2017.pdf

Hi Gadi,

I forgot to scan and send a couple OPG handouts at the meeting last week.

Ron

From: Gadi Mayman
Sent: June-08-17 13:26
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: CBN Fact Check

I didn't get one last week, and haven't seen one yet today.

From: Ronald Kwan
Sent: Thursday, June 08, 2017 1:25 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: RE: CBN Fact Check

Is Scott N. still sending out his weekly summaries?

Ron

From: Gadi Mayman
Sent: June-08-17 13:16
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: CBN Fact Check

Lots of moving parts, aren't there?

From: Ronald Kwan
Sent: Thursday, June 08, 2017 1:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: RE: CBN Fact Check

Hi Gadi,

It went ok. There will likely be some pressure to move quickly on the s.28 request on the Energy indemnities to OPG and IESO.

Comments on the DRC piece are still to come.

I had noticed the listing of the IESO borrowing reg in the list, so asked staff to follow up (our Minister has a role under that reg, on approving the IESO SIPP, and IESO has come forward with a proposed amendment on that, but wanted to see if the reg amendments affect the Minister of Finance parts at all).

Also, it was mentioned that the OPG Articles of Incorporation would need to be amended to allow it to do certain activities under the FHP. No elaborations, but I was thinking they were referring to what OPG brought up in the past on the prohibition on the issuance and sale of securities to the public, and to amend given the debt issuance plan, and issuance of a new class of shares, though, in the latter case, not to the public. Not sure if such an amendment should be reviewed and approved by MOF – nor what exactly the proposed amendments are.

Ron

From: Gadi Mayman
Sent: June-08-17 12:36
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: CBN Fact Check

Thanks for those clarifications, Ron. How did the Energy weekly go? If you found it useful, I'd suggest that you continue to come, even on weeks where I'm able to attend. Other organizations bring more than one representative, and given the Scott T. never comes (he's only been there once), I'd suggest that Finance is underrepresented at the table with just Scott N and me there.

From: Ronald Kwan
Sent: Thursday, June 08, 2017 12:34 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: CBN Fact Check

Hi Gadi,

As a comment, yes, no reg is needed for the OFA-IESO credit facility, but you've seen the OIC package to expand the OFA's borrowing room from the Province under CIPA to allow for the expanded credit facility. That's still tracking for the 27th.

And I had understood from the Energy weekly that the Energy regs would not all be ready at once (note the list from the materials Energy sent yesterday, as attached, where only some are listed as ready – though I did not see the IESO borrowing one mentioned in the CBN, though listed as "ready"), so this would just be the first set (not that I have yet to see any of the actual proposed regs, just this CBN).

Ron

From: Anna Strathy
Sent: June-08-17 12:23
To: David McLean (MOF) <David.McLean@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Hi David,

A few comments from us:

- Suggest a mention of accounting risks in the Fiscal subsection, particularly given the AG's stated position at Committee on this. May want to seek input from OPCD/TBS.
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> <REG-11477_ID49242_LRC_CBN- DRAFT- OFHP regulations v5.docx>

Indicative Master Timeline

	Responsibility	March			April				May					June				July				August				September				October			
Week of:		13	20	27	3	10	17	24	1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28	4	11	18	25	2	9	16	23	30
A. Administration																																			
1. Kick-off Meetings / Calls	OPG, JL, DC																																		
2. Prepare Initial High-Level Work Plan	JL, OPG																																		
3. Engage Dealers' Counsel	JL																																		
4. Prepare & Execute Dealer Engagement Letter	JL, OPG																																		
B. Legislative & Regulatory Framework																																			
1. Draft Legislation (Fair Hydro Plan Act, "FHPA")	PA, OPG, IESO, IC, DC, JL																																		
2. First Reading of FHPA	Province									x																									
3. Finalize FHPA (Includes Amendments to Electricity & OEB Acts)	Province												1																						
4. Develop Form of Provincial Guarantee	PA, OPG, IESO, IC, DC, JL																																		
5. Develop Regulations	PA, OPG, IESO, IC, DC, JL																																		
6. Order in Council to Approve Regulations	Province																x																		
7. Develop Fair Hydro Allocation Plan	Province																																		
C. Financing Strategy/Approach																																			
1. Review Financing Options & Determine Optimal Financing Approach	OPG, JL																																		
2. Determine SPV Financing Structure	OPG, IC, DC, JL																																		
3. Determine the Structure of OPG's Sub Debt	OPG, IC, DC, JL																																		
4. Term Sheet (Common Terms & Conditions)	OPG, IC, DC, JL																																		
5. Determine Financial Model Inputs / Drivers	OPG, JL																																		
6. Develop Trust / OPG Financing Plan	OPG																																		
7. Develop Base Case Financial Model	OPG																																		
8. Implement Various Funding Options Into Financial Model and Optimize	JL																																		
9. Prepare Base Case Output and Sensitivities for Rating Agencies	OPG, JL																																		
D. Rating Agencies																																			
1. Prepare Simplifed Rating Presentation Outlining Potential Structures	JL																																		
2. Preliminary Discussions with Agencies (Methodology, Structures, etc.)	JL																																		
3. Prepare Formal Rating Agency Presentation	JL, OPG																																		
4. Rating Agency Meetings	RA, OPG, JL																																		
5. Rating Agencies' Undertake Their Analysis - ST Debt	RA																																		
6. Provide Rating Confirmation (ABCP) or Credit Facility Rating	RA																									x									
7. Rating Agencies' Undertake Their Analysis - Term Debt	RA																																		
8. Publish Credit Rating / Report (Term Securitization or Bond)	RA																																	x	
E. Key Agreements																																			
1. Trust Documents																																			
(a) Declaration of Trust	OPG, IC, DC, JL, PA																																		
(b) Financial Services and Management Agreement (OPG & SPV)	OPG, IC, DC, JL, PA																																		
(c) Administration Agreement	OPG, IC, DC, JL, PA																																		
2. Contribution Documents																																			
(a) Subordinated Debt Agreement	OPG, IC, DC, JL, PA																																		
(b) Equity Subscription Agreement with the Province	PA, OPG, IC, DC, JL																																		
3. Key Financing Documents - ST Debt																																			
(a) Master Trust Indenture (Common Borrowing Platform)	OPG, IC, DC, JL, PA, IESO																																		
(b) Master Sales & Services Agreement (IESO & SPV)	OPG, IC, DC, JL, PA, IESO																																		
(c) Provincial Support Agreement	PA, OPG, IC, DC, JL, IESO																																		
(d) Supplemental Indenture / Series Purchase Agreement	OPG, IC, DC, JL, PA, IESO																																		
F. Risk Management																																			
1. Consider Hedging Options (Rates, Currency, etc.)	OPG, JL																																		
2. Prepare Required Documentation (e.g. ISDA)	OPG, IC, DC, JL																																		
G. Short-Term Debt Execution*†																																			
1. Syndicated Bank Credit Facility	OPG, IC, DC, JL																																		
2. ABCP Conduit Funding	OPG, IC, DC, JL																																		
3. Closing and Funding	OPG, JL																																		
*Dependent on funding solution(s) selected																																			
H. Mid / Long Term Debt Execution†																																			
1. Prepare Deal Documentation (both Canadian & US)	OPG, IC, DC, JL																																		
2. Tactical Decisions (Product, Market, Timing, Size, Tenor)	OPG, JL																																		
3. Marketing Period / Roadshow	OPG, JL																																		
4. Price, Closing and Funding	OPG, JL																																	x	

NOTE: This Master Timeline is intended to be a high level summary of the various workstreams illustrated above. Detailed schedules will be developed for each workstream as required.

† *Detailed execution timelines will be developed for each funding source selected*

Legend

1. OPG - Ontario Power Generation
2. JL - Joint Leads
3. IC - Issuers' Counsel
4. PA - Province/Counsel/Advisor
5. DC - Dealers' Counsel
6. RA - Rating Agencies
7. IESO - IESO/Stikeman

- Complete
- In Process
- Not Started
- Bank Holiday - Shortened Week

Bank Holidays

Upcoming Canadian Holidays:

April 14 - Good Friday
May 22 - Victoria Day
July 3 - Canada Day
August 7 - Civic Holiday
October 9 - Thanksgiving
November 11 - Remembrance Day

Upcoming U.S. Holidays:

May 29 - Memorial Day
July 4 - Independence Day
September 4 (Canada & U.S.) - Labour Day
November 23 - Thanksgiving

Fair Hydro Financing Program

Weekly Working Group Call - Deliverables Resulting from June 7th Call

Item	*Description*
Draft of Regulations	• Torys to provide collective comments on General Regulation
Billing & Collection Process	• Oslers provided list of questions to Stikeman • Awaiting response and confirming IESO availability for meeting
Payment of Interest and Costs During Moratorium Period	• Call to be scheduled with auditors of all relevant parties and Torys to discuss treatment/implications
Provincial Support Agreement	• OPG to follow up with Province on timing of mark-up / need for call with Torys
Financing Order	• Torys / Oslers to discuss Goldman's list of items typically covered in Financing Orders to determine whether proposed content for regulations needs to be augmented
Administrative Agreement	• Oslers/dealers to provide comments on draft agreement
Financial Services & Management Agreement	• Tory's to discuss changes provided by Oslers with OPG and develop updated draft
Sales & Servicing Agreement	• Comments have been provided by Oslers/dealers and Hunton on draft • Document provided to IESO for comments • Torys will circulate next draft after "funding rebate" mechanism confirmed and discussion with auditors
Master Trust Indenture	• Draft in progress - first draft to be circulated to OPG
Declaration of Trust	• Draft currently under review by OPG; to be circulated to dealers
Equity Subscription Agreement	• OPG met with Province to discuss • OPG to circulate draft of agreement

RBC Capital Markets®

From:	Thouin, Alena (ENERGY)
To:	Tim Christie (ENERGY); Ken Kandeepan; "ASHBOURNE, STEPHEN"; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); VINER, JON
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Thursday, January 11, 2018 12:02:07 PM

Thanks Tim

To that effect, Steve, can you please provide us with the most recent markup that includes Tim's comments from yesterday so Tim's group can obtain the necessary approvals?

Thank you

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth /
Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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From: Christie, Tim (ENERGY)
Sent: January 11, 2018 11:57 AM
To: Kandeepan, Ken (OFA); 'ASHBOURNE, STEPHEN'; Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Hanslep, Malle (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY); Rehob, James (ENERGY); VINER, JON
Subject: RE: Call re Delivery of Reference Documentation to Province

Hi Ken, we still need to run our comments by the DM before they go back to OPG/Torys.

Tim

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-11-18 10:51 AM
To: 'ASHBOURNE, STEPHEN'; Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Hanslep, Malle (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY); Veinot, Cindy (TBS); Donaldson, Mark (TBS)
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Subject: RE: Call re Delivery of Reference Documentation to Province

Hi all

From the perspective of both Mike and I the comments and edits are very factual and should not pose any issues to OPG or the Trust should they choose to accept them. If others are of the same opinion, I suggest that either MOF or MOE Legal forward the marked up version to Torys with cc's to the usual suspects.

Thanks

Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Wednesday, January 10, 2018 2:53 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; VINER, JON <JON.VINER@blakes.com>
Subject: RE: Call re Delivery of Reference Documentation to Province

Oops. This time with the revisions.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes

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Subject: RE: Call re Delivery of Reference Documentation to Province

Hi. Here are further revisions to the OM mark-up circulated yesterday, based on comments recently received. This is still a work-in-progress, so please do not on-circulate. Please let us know if you have any questions or concerns. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: ASHBOURNE, STEPHEN
Sent: Tuesday, January 09, 2018 9:26 AM
To: 'Ken Kandeepan'; 'Thouin, Alena (ENERGY)'; 'Tobias P. Whitfield (MOF)'; 'Mike Manning'; 'Malle Hanslep (MOF)'; 'Anna Strathy'; 'Ronald Kwan'; 'Tim Christie (ENERGY)'; 'Veinot, Cindy (TBS)'; 'Mark Donaldson (MOF)'
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Subject: RE: Call re Delivery of Reference Documentation to Province

Hi. Here is a list of items that could be discussed at 9:30, in order to settle on the scope and nature of commenting on the OM:

MOE – Alignment Considerations

1. Simplified references to the OFHPA (general caveat)
2. Scope of descriptions (generally, should be …subject to the OFHPA and the Regulations)
3. "purposes" of the OFHPA (e.g., implies that is rate reduction)
4. Nature and duration of the "moratorium period" (non-legislative)

5. Trust vs. “financing entity” (permit multiple FEs and co-ownership arrangements – minimally described)

6. “Fair Allocation Amount” – amount vs. effect of calculation (imprecise); concept of “Readjustments” missing

7. Financing Plan – refinements (e.g., references to Refinancings)

8. Expectations re FAA – negative until 2024

9. “Ontario’s Fair Allocation Plan” – styling

10. OPG appointment as FSM (initial only – ability for Minister to replace)

11. Inclusions into IESO deferrals (precision)

12. Carrying costs vs funding rebates (impact on nature of Investment Asset)???

13. No reference to pre-OFHPA adjustments (piggy bank)

14. Risk Factors – approach to describing legal risks and Protection Agreement as mitigation

15. Technical definitions and descriptions (e.g., carrying costs; forecasts from IESO rather than forecast information; invoicing mechanics; simplifications of definitions; etc.)

16. Limited discussion re contents of “Financing Plan”

17. No real recognition of tail risk and duration mismatch considerations and mitigants/strategies

18. No discussion re OFHPA rights of action, etc.

19. “non-bypassable” (meaning)

<u>OFA - Change of Law Protection Agreement</u>

1. Narrative (e.g., “in favour of the Issuer”)

2. Notes do not constitute debt of Province, etc. (confirm description) – additional considerations?

3. Scope of “Approved Obligations” (overbroad)

4. Positive obligations in favour of Province (e.g., apply amounts; credit for applied amounts)

5. Definition of “Protection Events” (align)

6. Rights of Subrogation (needs to be more detailed)

7. Mechanics of Protection Account

8. Limited direct rights of Noteholders (through indenture trustee)

9. Limitations on damages

10. Only passing reference to the “Process Agreement” in OM (but referred to in more detail in the Investor Presentation)

<u>Other</u>

1. Confidentiality (deemed vs. confirmed in writing)
2. Liability for Taxes (priority claim in waterfall; impact on triggers)
3. IESO - descriptions
4. Electricity Market; OEB; OPG
5. Platform (e.g., very broad cross default – beyond generic risk factors?)
6. Interplay between Warehouse and Term issuances
7. Description of 2018 Notes
8. Optional Redemption of Notes (confirm if applicable/acceptable)

FYI, attached is our internal (preliminary) mark-up of the OM. It should not be on-circulated at this stage. We are providing it now in case you would find it useful to have specified illustrations of the foregoing items.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Anna Strathy
To: Tobias P. Whitfield (MOF)
Cc: Ken Kandeepan; Mike Manning; Ronald Kwan
Subject: RE: Call re Delivery of Reference Documentation to Province
Date: Tuesday, January 09, 2018 8:53:04 AM

Good morning Toby and happy New Year!

Unfortunately, I have a conflict at this time, so I won't be on the call. I'll get the debrief from someone from the OFA on the call.

Thanks, Anna

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, January 08, 2018 1:57 PM
To: Whitfield, Tobias P. (MOF); Ken Kandeepan; Mike Manning; Thouin, Alena (ENERGY); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: Tuesday, January 09, 2018 9:30 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference

Conference line:

Number: 416-212-8012

Toll Free: 1-866-633-0848

Participant Passcode: 5801207#

From: Whitfield, Tobias P. (MOF)
Sent: January 8, 2018 12:36 PM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012

Toll Free: 1-866-633-0848

Participant Passcode: 5801207#

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: January 5, 2018 10:18 AM

To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)

Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----

From: Mike Manning

Sent: Friday, January 05, 2018 10:08 AM

To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.

Mike

-----Original Message-----

From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]

Sent: Friday, January 05, 2018 10:03 AM

To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGqqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Ronald Kwan
To: Tim Christie (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province
Date: Monday, January 08, 2018 6:23:52 PM

Hi Tim,

I was away last week and didn't join the call on Friday. Does Energy have a view on the role and degree of the Province (and within the Province, the roles and specific areas of interests of Energy and MOF/OFA?) in reviewing these documents in this round and going forward? Is Steen back this week and is he joining the call tomorrow?

Thanks, and Happy New Year!

Ron

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: January-08-18 13:56
To: Ken Kandeepan; Mike Manning; Thouin, Alena (ENERGY); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January-09-18 09:30-10:30 (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference

Conference line:

Number: 416-212-8012

Toll Free: 1-866-633-0848

Participant Passcode: 5801207#

_____
From: Whitfield, Tobias P. (MOF)
Sent: January 8, 2018 12:36 PM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012

Toll Free: 1-866-633-0848

Participant Passcode: 5801207#

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: January 5, 2018 10:18 AM

To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)

Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----

From: Mike Manning

Sent: Friday, January 05, 2018 10:08 AM

To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.

Mike

-----Original Message-----

From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]

Sent: Friday, January 05, 2018 10:03 AM

To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy

<Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some

amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	ASHBOURNE, STEPHEN
To:	Ken Kandeepan; "Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); VINER, JON
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Monday, January 08, 2018 1:50:04 PM

Tomorrow morning is fine for me. Thanks Toby.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Monday, January 08, 2018 1:23 PM
To: 'Thouin, Alena (ENERGY)'; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province

Likewise

Thanks

Ken k

From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Monday, January 08, 2018 12:41 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>
Subject: RE: Call re Delivery of Reference Documentation to Province

We can make ourselves available.

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth /
Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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From: Whitfield, Tobias P. (MOF)
Sent: January 8, 2018 12:36 PM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance

tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012
Toll Free: 1-866-633-0848
Participant Passcode: 5801207#

_____
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January 5, 2018 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
_____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when

do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as

possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From:	Ken Kandeepan
To:	"Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY)
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Monday, January 08, 2018 1:23:17 PM

Likewise

Thanks

Ken k

From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Monday, January 08, 2018 12:41 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>
Subject: RE: Call re Delivery of Reference Documentation to Province

We can make ourselves available.

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth /
Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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From: Whitfield, Tobias P. (MOF)
Sent: January 8, 2018 12:36 PM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012
Toll Free: 1-866-633-0848
Participant Passcode: 5801207#

_____
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January 5, 2018 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

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https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bl-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY

<may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Ronald Kwan
To:	Mike Manning; Tobias P. Whitfield (MOF); Ken Kandeepan; Thouin, Alena (ENERGY); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Tim Christie (ENERGY)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY)
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Monday, January 08, 2018 12:43:08 PM

Me too.

Ron

From: Mike Manning
Sent: January-08-18 12:42
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>
Subject: RE: Call re Delivery of Reference Documentation to Province

I think I will be available at that time.
Mike

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, January 08, 2018 12:36 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>
Subject: RE: Call re Delivery of Reference Documentation to Province

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012
Toll Free: 1-866-633-0848
Participant Passcode: 5801207#

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January 5, 2018 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Mike Manning
To:	Tobias P. Whitfield (MOF); Ken Kandeepan; Thouin, Alena (ENERGY); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY)
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Monday, January 08, 2018 12:42:23 PM

I think I will be available at that time.
Mike

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, January 08, 2018 12:36 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>
Subject: RE: Call re Delivery of Reference Documentation to Province

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012
Toll Free: 1-866-633-0848
Participant Passcode: 5801207#

_____
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January 5, 2018 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN

<STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_jA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bl-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Thouin, Alena (ENERGY)
To: Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province
Date: Monday, January 08, 2018 12:40:51 PM

We can make ourselves available.

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth /
Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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From: Whitfield, Tobias P. (MOF)
Sent: January 8, 2018 12:36 PM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012
Toll Free: 1-866-633-0848
Participant Passcode: 5801207#

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January 5, 2018 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any “risk factors”, particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province’s (Ministers’) roles, including in setting the “fair allocation amount”, accepting the “Financing Plan” provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any “electricity market” disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_jA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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_____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Whitfield, Tobias P. (MOF)
To:	Ken Kandeepan; Mike Manning; Thouin, Alena (ENERGY); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY)
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Monday, January 08, 2018 12:36:34 PM

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012
Toll Free: 1-866-633-0848
Participant Passcode: 5801207#

_____
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January 5, 2018 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_jA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Christie, Tim (ENERGY)
To:	Ken Kandeepan; "ASHBOURNE, STEPHEN"; Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); VINER, JON
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Thursday, January 11, 2018 11:57:21 AM

Hi Ken, we still need to run our comments by the DM before they go back to OPG/Torys.

Tim

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-11-18 10:51 AM
To: 'ASHBOURNE, STEPHEN'; Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Hanslep, Malle (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY); Veinot, Cindy (TBS); Donaldson, Mark (TBS)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY); Rehob, James (ENERGY); VINER, JON
Subject: RE: Call re Delivery of Reference Documentation to Province

Hi all

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Thanks

Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Wednesday, January 10, 2018 2:53 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; VINER, JON <JON.VINER@blakes.com>
Subject: RE: Call re Delivery of Reference Documentation to Province

Oops. This time with the revisions.

Stephen R. Ashbourne

Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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To: 'Ken Kandeepan'; 'Thouin, Alena (ENERGY)'; 'Tobias P. Whitfield (MOF)'; 'Mike Manning'; 'Malle Hanslep (MOF)'; 'Anna Strathy'; 'Ronald Kwan'; 'Tim Christie (ENERGY)'; 'Veinot, Cindy (TBS)'; 'Mark Donaldson (MOF)'
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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: ASHBOURNE, STEPHEN
Sent: Tuesday, January 09, 2018 9:26 AM
To: 'Ken Kandeepan'; 'Thouin, Alena (ENERGY)'; 'Tobias P. Whitfield (MOF)'; 'Mike Manning'; 'Malle Hanslep (MOF)'; 'Anna Strathy'; 'Ronald Kwan'; 'Tim Christie (ENERGY)'; 'Veinot, Cindy (TBS)'; 'Mark Donaldson (MOF)'
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17. No real recognition of tail risk and duration mismatch considerations and mitigants/strategies
18. No discussion re OFHPA rights of action, etc.
19. "non-bypassable" (meaning)

OFA - Change of Law Protection Agreement

1. Narrative (e.g., "in favour of the Issuer")
2. Notes do not constitute debt of Province, etc. (confirm description) – additional considerations?
3. Scope of "Approved Obligations" (overbroad)
4. Positive obligations in favour of Province (e.g., apply amounts; credit for applied amounts)

5. Definition of “Protection Events” (align)

6. Rights of Subrogation (needs to be more detailed)

7. Mechanics of Protection Account

8. Limited direct rights of Noteholders (through indenture trustee)

9. Limitations on damages

10. Only passing reference to the “Process Agreement” in OM (but referred to in more detail in the Investor Presentation)

Other

1. Confidentiality (deemed vs. confirmed in writing)

2. Liability for Taxes (priority claim in waterfall; impact on triggers)

3. IESO - descriptions

4. Electricity Market; OEB; OPG

5. Platform (e.g., very broad cross default – beyond generic risk factors?)

6. Interplay between Warehouse and Term issuances

7. Description of 2018 Notes

8. Optional Redemption of Notes (confirm if applicable/acceptable)

FYI, attached is our internal (preliminary) mark-up of the OM. It should not be on-circulated at this stage. We are providing it now in case you would find it useful to have specified illustrations of the foregoing items.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Thursday, January 11, 2018 10:50:39 AM

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Blakes

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2. Notes do not constitute debt of Province, etc. (confirm description) – additional considerations?

3. Scope of “Approved Obligations” (overbroad)

4. Positive obligations in favour of Province (e.g., apply amounts; credit for applied amounts)

5. Definition of “Protection Events” (align)

6. Rights of Subrogation (needs to be more detailed)

7. Mechanics of Protection Account

8. Limited direct rights of Noteholders (through indenture trustee)

9. Limitations on damages

10. Only passing reference to the “Process Agreement” in OM (but referred to in more detail in the Investor Presentation)

<u>Other</u>

1. Confidentiality (deemed vs. confirmed in writing)
2. Liability for Taxes (priority claim in waterfall; impact on triggers)
3. IESO - descriptions
4. Electricity Market; OEB; OPG
5. Platform (e.g., very broad cross default – beyond generic risk factors?)
6. Interplay between Warehouse and Term issuances
7. Description of 2018 Notes
8. Optional Redemption of Notes (confirm if applicable/acceptable)

FYI, attached is our internal (preliminary) mark-up of the OM. It should not be on-circulated at this stage. We are providing it now in case you would find it useful to have specified illustrations of the foregoing items.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	ASHBOURNE, STEPHEN
To:	Ken Kandeepan; "Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); VINER, JON
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Wednesday, January 10, 2018 2:52:54 PM
Attachments:	23287504-v4-Fair Hydro OM - Blakes Comments.DOCX 23287504-vpdf-Fair Hydro OM - Blakes Comments.PDF

Oops. This time with the revisions.

Stephen R. Ashbourne
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

From: ASHBOURNE, STEPHEN
Sent: Wednesday, January 10, 2018 2:51 PM
To: 'Ken Kandeepan'; 'Thouin, Alena (ENERGY)'; 'Tobias P. Whitfield (MOF)'; 'Mike Manning'; 'Malle Hanslep (MOF)'; 'Anna Strathy'; 'Ronald Kwan'; 'Tim Christie (ENERGY)'; 'Veinot, Cindy (TBS)'; 'Mark Donaldson (MOF)'
Cc: 'Sawwaf, Khareem (ENERGY)'; 'Huang, Jackson (MEDG/MRIS)'; 'Daniel Cayley (ENERGY)'; 'Lightbody, Ava (ENERGY)'; 'James Rehob (ENERGY)'; VINER, JON
Subject: RE: Call re Delivery of Reference Documentation to Province

Hi. Here are further revisions to the OM mark-up circulated yesterday, based on comments recently received. This is still a work-in-progress, so please do not on-circulate. Please let us know if you have any questions or concerns. Thanks, Steve

Stephen R. Ashbourne

Partner
stephen.ashbourne@blakes.com
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From: ASHBOURNE, STEPHEN
Sent: Tuesday, January 09, 2018 9:26 AM
To: 'Ken Kandeepan'; 'Thouin, Alena (ENERGY)'; 'Tobias P. Whitfield (MOF)'; 'Mike Manning'; 'Malle Hanslep (MOF)'; 'Anna Strathy'; 'Ronald Kwan'; 'Tim Christie (ENERGY)'; 'Veinot, Cindy (TBS)'; 'Mark Donaldson (MOF)'
Cc: 'Sawwaf, Khareem (ENERGY)'; 'Huang, Jackson (MEDG/MRIS)'; 'Daniel Cayley (ENERGY)'; 'Lightbody, Ava (ENERGY)'; 'James Rehob (ENERGY)'; VINER, JON
Subject: RE: Call re Delivery of Reference Documentation to Province

Hi. Here is a list of items that could be discussed at 9:30, in order to settle on the scope and nature of commenting on the OM:

MOE – Alignment Considerations

1. Simplified references to the OFHPA (general caveat)
2. Scope of descriptions (generally, should be …subject to the OFHPA and the Regulations)
3. "purposes" of the OFHPA (e.g., implies that is rate reduction)
4. Nature and duration of the "moratorium period" (non-legislative)
5. Trust vs. "financing entity" (permit multiple FEs and co-ownership arrangements – minimally described)
6. "Fair Allocation Amount" – amount vs. effect of calculation (imprecise); concept of "Readjustments" missing
7. Financing Plan – refinements (e.g., references to Refinancings)
8. Expectations re FAA – negative until 2024
9. "Ontario's Fair Allocation Plan" – styling
10. OPG appointment as FSM (initial only – ability for Minister to replace)
11. Inclusions into IESO deferrals (precision)
12. Carrying costs vs funding rebates (impact on nature of Investment Asset)???
13. No reference to pre-OFHPA adjustments (piggy bank)
14. Risk Factors – approach to describing legal risks and Protection Agreement as mitigation
15. Technical definitions and descriptions (e.g., carrying costs; forecasts from IESO rather than forecast information; invoicing mechanics; simplifications of definitions; etc.)
16. Limited discussion re contents of "Financing Plan"
17. No real recognition of tail risk and duration mismatch considerations and mitigants/strategies
18. No discussion re OFHPA rights of action, etc.

19. “non-bypassable” (meaning)

OFA - Change of Law Protection Agreement

1. Narrative (e.g., “in favour of the Issuer”)
2. Notes do not constitute debt of Province, etc. (confirm description) – additional considerations?
3. Scope of “Approved Obligations” (overbroad)
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FYI, attached is our internal (preliminary) mark-up of the OM. It should not be on-circulated at this stage. We are providing it now in case you would find it useful to have specified illustrations of the foregoing items.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement

January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See "*Change of Law Protection Agreement*". The Senior Notes will be nonrecourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See "*Risk Factors*".

[1] **Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.

[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly,

purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 17
ONTARIO'S FAIR HYDRO PLAN 20
CHANGE OF LAW PROTECTION AGREEMENT 27
THE ISSUER 32
THE MANAGER 34
SUBORDINATED DEBT 36
SHORT TERM INDEBTEDNESS 37
THE TRANSFEROR AND SERVICER 38
CREDIT RATINGS 40
RATING AGENCY CONDITION 41
CAPITAL MARKETS PLATFORM 41
DESCRIPTION OF NOTES 65
DEPOSITORY SERVICES 67
PLAN OF DISTRIBUTION 69
RISK FACTORS 69
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 82
LANGUAGE OF DOCUMENTS 86
RESTRICTIONS ON RESALE 86
REPORTING REQUIREMENTS 87
STATUTORY RIGHTS OF ACTION 87
INDENTURE TRUSTEE 97
LEGAL MATTERS 97
GLOSSARY 98
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 110
EXHIBIT 1 – INVESTOR PRESENTATION 111

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

[3] **Note:** Please complete.

[4] **Note:** Please complete.

- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations.[8] The Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See "*Ontario's Fair Hydro Plan — Background*".
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by

[6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

	reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10] Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.
Clean Energy Adjustment:	The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

"— Statutory Duties of the OEB" below.

The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods.

The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][11]

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on*

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, 2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for

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the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[14]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][15], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][16], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established

[14] **Note:** Add detailed description to correspond to this summary in the detailed portion of the OM.

[15] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

[16] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.

for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][17] until remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[18] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[19] It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[20]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See "*The Transferor and Servicer.*"

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See "*The Manager*".

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the

[17] **Note:** Please see note 16.

[18] **Note:** Please see note 16.

[19] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.

[20] **Note:** Please confirm.

Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See "*The Manager*".

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][21], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][22] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][23] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See "*The Transferor and Servicer.*"

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance

[21] **Note:** Please see note 16 regarding bracketed references to the "Issuer" in this paragraph..

[22] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

[23] **Note:** Please confirm.

reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements

under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations

under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain

refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[24] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[25]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits].[26] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be

[24] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.

[25] **Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.

[26] **Note:** The description should more closely align with the stated purposes of the FHPA in Section 3 of the Act.

consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][27] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

Use of Proceeds:

The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required.

The Term Sheet for each Offering of Senior Notes will identify the

[27] **Note:** MOE to confirm whether including this sort of prediction is appropriate.

	amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may

(i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and

- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario,

	section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit

of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses.

The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:

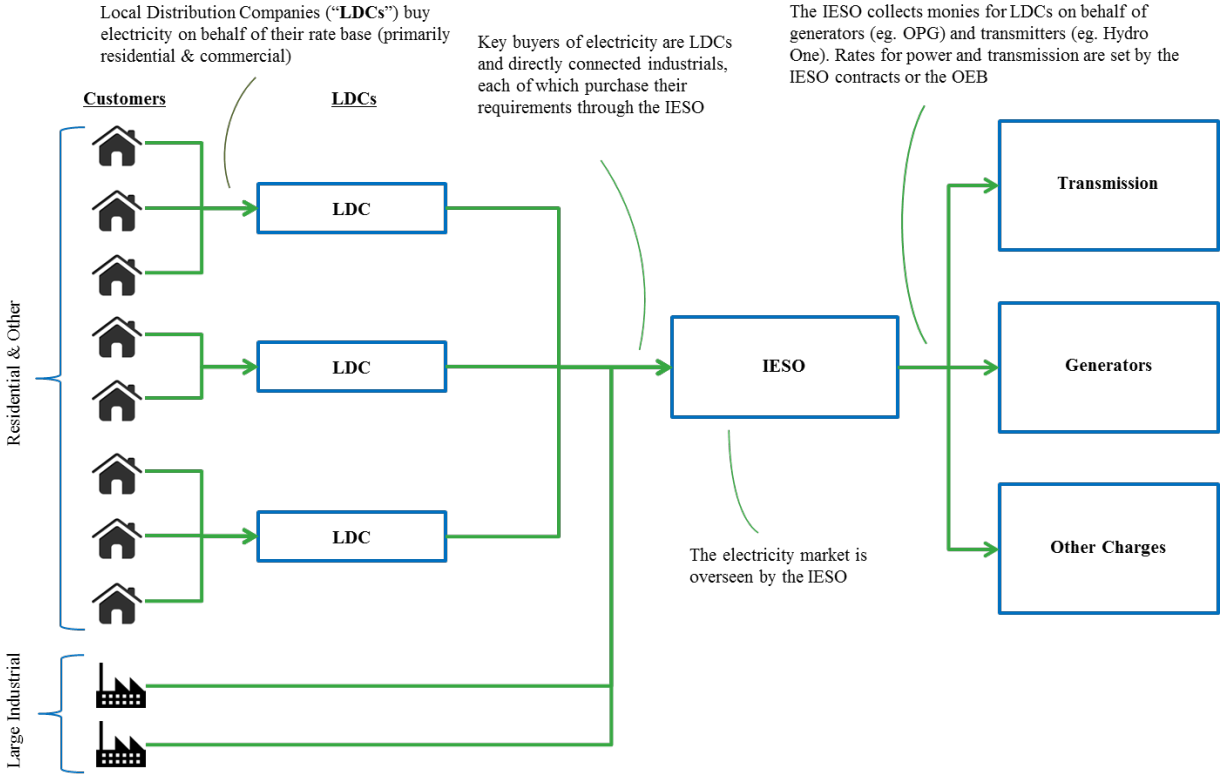

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the hourly Ontario energy price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO on an hourly basis based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is also paid by loads. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all loads with a peak demand under 500 kW (in other words, all Specified Consumers),[28] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in the previous period. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[29] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][30]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[31] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

[28] **Note:** Please confirm.

[29] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.

[30] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.

[31] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[32] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, in accordance with the FHPA, the IESO is not entitled to collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

[32] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover its "Finance Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[33]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[34] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

[33] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be warranted here.

[34] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FHPA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) for any period before May 1, 2021, amounts received during the period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during the preceding Reference Periods. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Creditors in respect of such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[35] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[36] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[37] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and

[35] **Note:** Please see note 16 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).

[36] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.

[37] **Note:** Please confirm.

remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][38] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

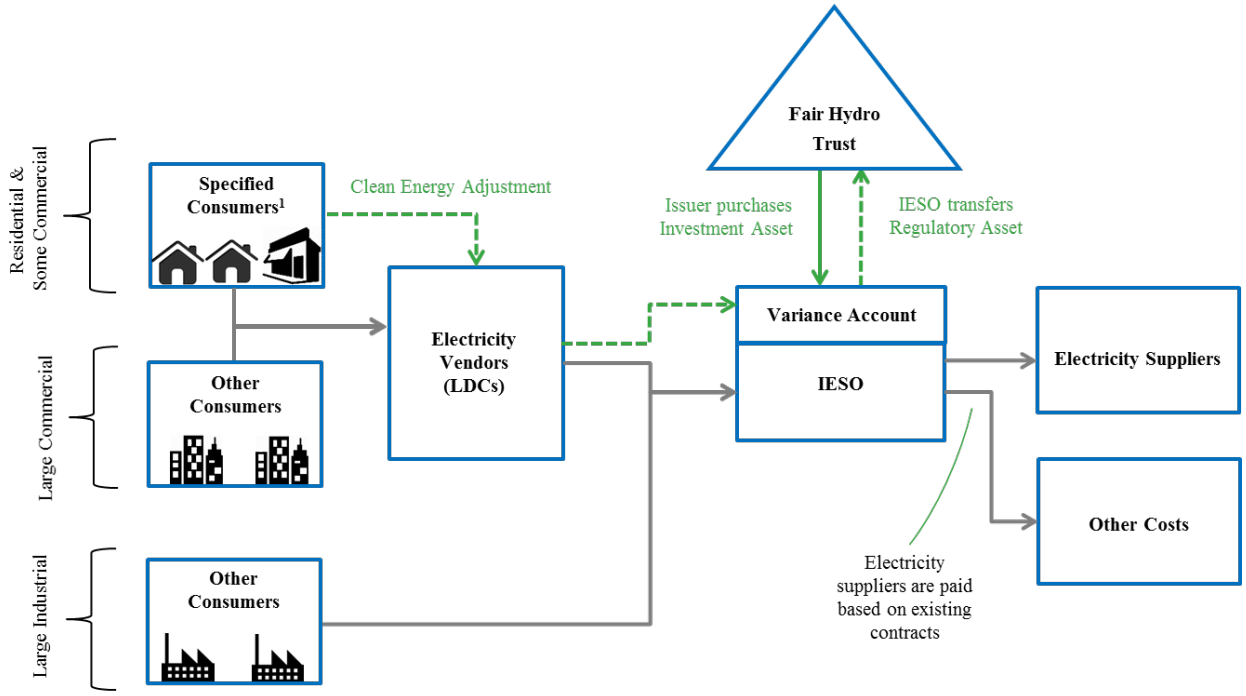

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[39] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided

[38] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

[39] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their fair share of the costs of providing Clean Energy Benefits][40]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][41] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[42] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[43] The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying

[40] **Note:** Any description of the purpose of the FHPA should conform with the stated purposes of the Act set out in Section 3.

[41] **Note:** MOE to confirm.

[42] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.

[43] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General

Regulation under the FHPA (in effect as at December 21, 2017)][44], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

[44] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

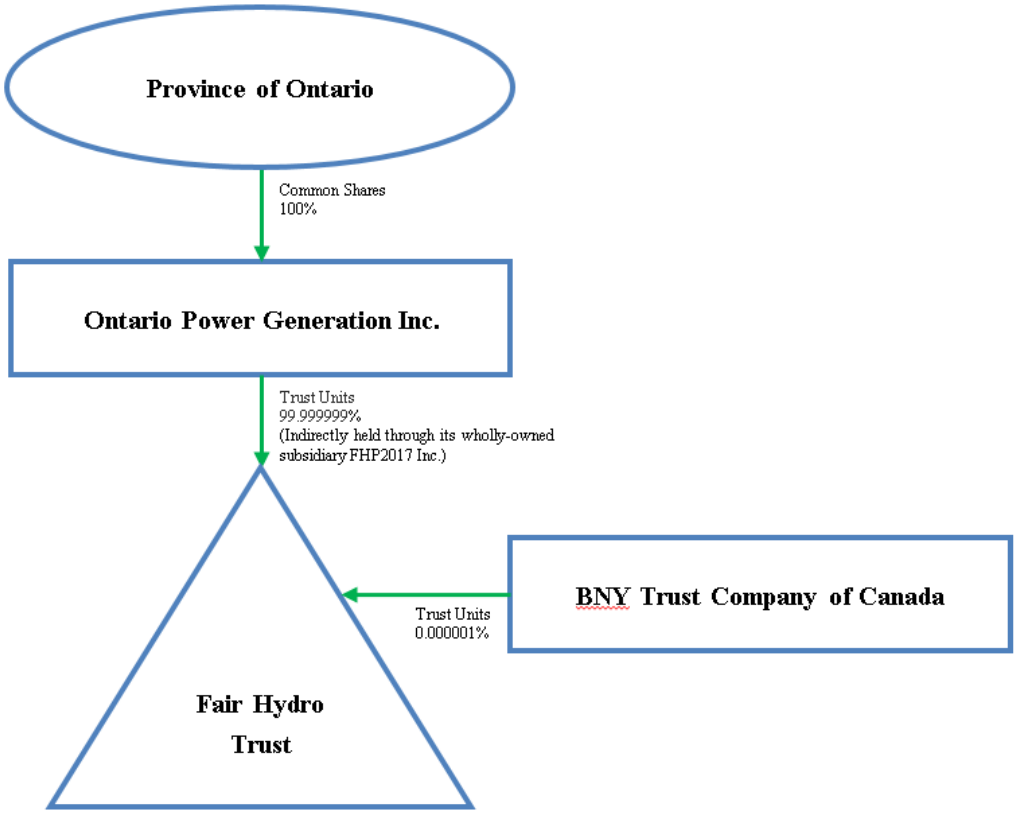

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, [45] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

[45] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors − Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

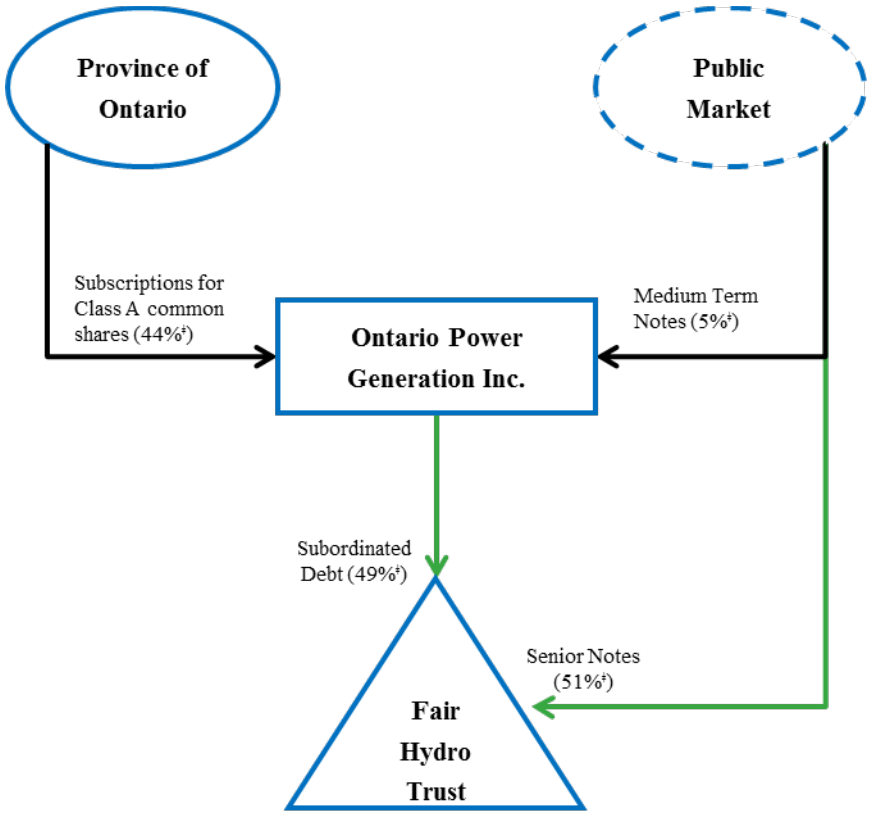

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[46] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[47] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs.

As security for the performance of its obligation to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy

[46] **Note:** Please confirm.

[47] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no

assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See "*— Subordination Provisions*", "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;

- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;

- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;

- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);

- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and

- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer

may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[48]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities

[48] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for

the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "*— Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required

Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law

Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all

actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "*— Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel,[49] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

[49] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the

Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "— *Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;

- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;

- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating

thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with

respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[50] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[51]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[52] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a

[50] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

[51] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[52] **Note:** Is there any other information to be added apart from the expiry date?

security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not

sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[53]

[53] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to

the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[54] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

[54] **Note:** Please confirm.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[55] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power

[55] **Note:** Please confirm source/ conform to wording in FHPA.

lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior

Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form

part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017*,[56] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

[56] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the

Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to

verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited

investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

  (iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

    (A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid

in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to,

bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[57]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[58]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.[59]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

[57] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[58] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

[59] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in

the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust governed under the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[60]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

[60] **Note:** Definition not used.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts —*

Program Accounts — Protection Account".

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under "*The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amounts**" has the meaning set out under "*Change of Law Protection Agreement — Protection Event*".

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement — January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Risk Factors"*.

[1] **Note:** ~~Blakes suggests that that this~~This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.

[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with

liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 17
ONTARIO'S FAIR HYDRO PLAN 18
CHANGE OF LAW PROTECTION AGREEMENT 18
THE ISSUER 18
THE MANAGER 18
SUBORDINATED DEBT 18
SHORT TERM INDEBTEDNESS 18
THE TRANSFEROR AND SERVICER 18
CREDIT RATINGS 18
RATING AGENCY CONDITION 18
CAPITAL MARKETS PLATFORM 18
DESCRIPTION OF NOTES 18
DEPOSITORY SERVICES 18
PLAN OF DISTRIBUTION 18
RISK FACTORS 18
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 18
LANGUAGE OF DOCUMENTS 18
RESTRICTIONS ON RESALE 18
REPORTING REQUIREMENTS 18
STATUTORY RIGHTS OF ACTION 18
INDENTURE TRUSTEE 18
LEGAL MATTERS 18
GLOSSARY 18
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 18
EXHIBIT 1 – INVESTOR PRESENTATION 18

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be ~~significantly~~ impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

[3] **Note:** Please complete.
[4] **Note:** Please complete.

- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete

certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Ontario~~'s~~ Fair Hydro Plan Act:	~~On March 2, 2017, the Province of Ontario announced its Fair Hydro Plan, proposing to lower the average electricity bill for certain eligible customers.[3]~~ On June 1, 2017, the Ontario ~~government~~Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**")~~[, legislation that [reallocates certain electricity costs over time and provides immediate rate relief to~~. The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms)~~].[4] From~~; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[~~5~~6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations.[~~6~~8] The Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan —*

[3] ~~**Note:** Blakes suggest this narrative is removed. The March 2 announcement describes the lowering of electricity bills as part of a significant system restructuring to address long-standing policy challenges and ensure greater fairness.~~

[4] ~~**Note:** Blakes suggests that that this narrative be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.~~

[~~5~~6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

[~~6~~8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

Background".

Summary of the Fair Hydro Financing Program:

The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.

Transferor and Servicer:

The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10]

Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"), although. However, the FHPA provides that the IESO is not entitledpermitted to exercise thissuch right before May 1, 2021.2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.

Investment Interest:

Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager based on

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods.

The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior

Notes, and the Issuer's other ~~carrying costs~~Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][7][11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, ~~2021,~~[8]2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its ~~carrying costs~~Carrying Costs. Under the Regulations, ~~"carrying costs"~~Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[9][13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from

[7] ~~**Note:** Blakes suggests that this narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].~~

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[8][12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[9][13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[14]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][15], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in*

[14] **Note:** Add detailed description to correspond to this summary in the detailed portion of the OM.
[15] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

Vendors:

Ontario" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][10]~~10~~16, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][11]~~11~~17 until remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[12]~~12~~18 If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[13]~~13~~19 It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[14]~~14~~20

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing

[10]~~10~~16 **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the ~~issuer~~Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.
[11]~~11~~17 **Note:** Please see note ~~10~~16.
[12]~~12~~18 **Note:** Please see note ~~10~~16.
[13]~~13~~19 **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.
[14]~~14~~20 **Note:** Please confirm.

financial statements and tax filings on behalf of the Issuer. See *"The Manager"*.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][~~15~~21], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][~~16~~22] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][~~17~~23] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved

[~~15~~21] **Note:** Please see note ~~10~~16 regarding bracketed references to the "Issuer" in this paragraph..

[~~16~~22] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

[~~17~~23] **Note:** Please confirm.

Obligations" when due and payable into the Protection Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount ~~equal to or greater than~~in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA~~, in whole~~ or ~~in part~~any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA~~, in whole~~ or ~~in part~~any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or

an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (~~a~~i) to (~~e~~v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and

proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust

Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[24] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.~~18~~[25]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the

[24] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.

~~18~~[25] **Note:** ~~Please consider a~~The description of the fair allocation amount ~~that~~should more closely ~~aligns~~align to Section 20(1) of the FHPA.

Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits].[19][26] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

[Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][20][27] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium

[19] ~~**Note:** Please revise to characterize the purpose of the FHPA as consistent~~[26] **Note:** The description should more closely align with the stated purposes of the FHPA in Section 3 of the Act.

[20] ~~**Note to MOE:** Please review in particular~~[27] **Note:** MOE to confirm whether including this sort of prediction is appropriate.

	term notes. Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", *"Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration"*.
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount

equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of ~~carrying costs~~Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay ~~carrying costs~~Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;

- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency:	Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.
Minimum Subscription:	Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.
Optional Redemption:	Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.
Purchase for Cancellation:	The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.
Distribution Method:	The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other

	information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost

half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution

licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:

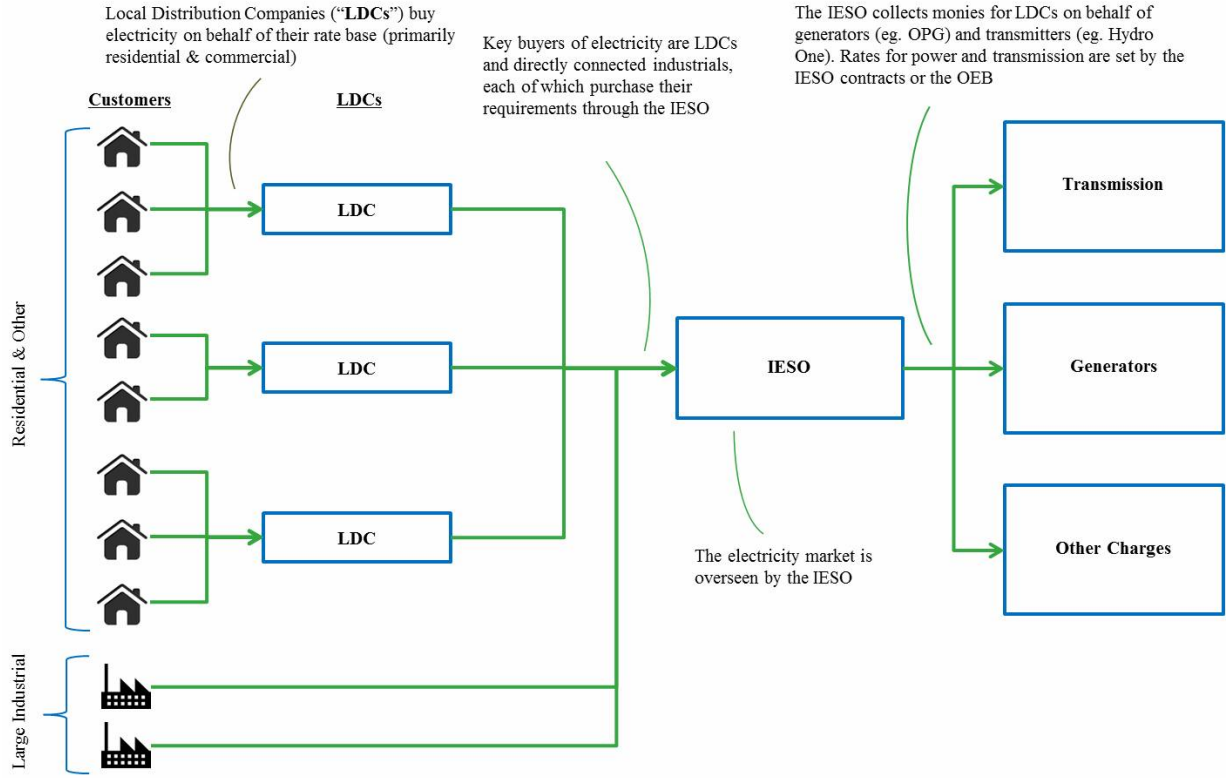

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the hourly Ontario energy price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO on an hourly basis based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is also paid by loads. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of

market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all loads with a peak demand under 500 kW (in other words, all Specified Consumers),[28] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in the previous period. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario ~~government~~Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[29] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][~~21~~30]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[~~22~~31] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

[28] **Note:** Please confirm.

[29] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.

[~~21~~30] **Note:** ~~Blakes suggests that this~~This narrative ~~is~~should be removed, or if necessary, ~~that~~ the description of the FHPA ~~tracks~~should track the purposes of the Act as set out in Section 3 to the Act.

[~~22~~31] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.~~23~~32 The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**")~~, although~~. However, in accordance with the FHPA, the IESO is not entitled to ~~exercise such right~~collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover its "Finance ~~Amounts~~Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

~~23~~32 **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and ~~the Financing Entity's~~an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):~~2433~~

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[34] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

~~2433~~ **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this ~~described~~is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be ~~merited~~warranted here.

[34] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FHPA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) for any period before May 1, 2021, amounts received during the period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during the preceding Reference Periods. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Creditors in respect of such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[~~25~~35] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[~~26~~36] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[~~27~~37] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other ~~carrying costs~~Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][~~28~~38] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the

[~~25~~35] **Note:** Please see note ~~10~~16 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).

[~~26~~36] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.

[~~27~~37] **Note:** Please confirm.

[~~28~~38] **Note:** ~~Blakes suggests that this~~This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

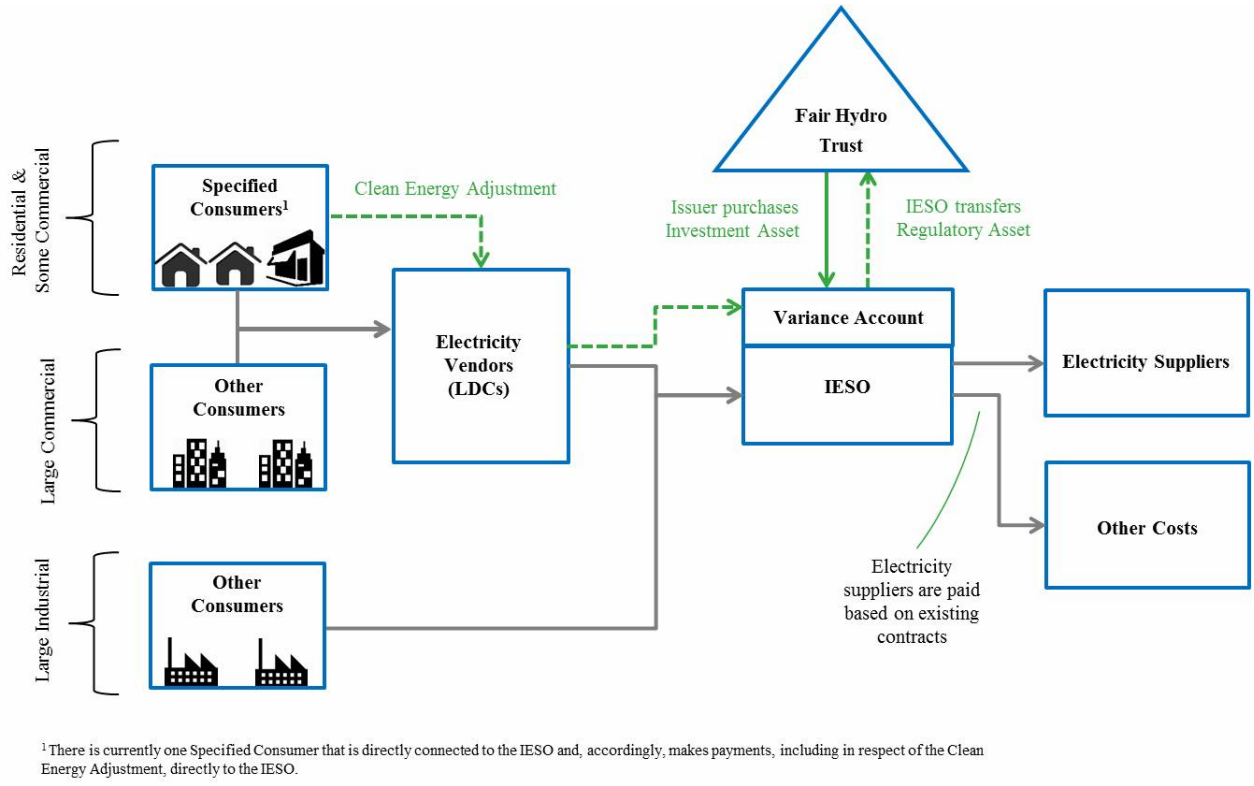

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[2939] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would

[2939] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their fair share of the costs of providing Clean Energy Benefits]~~30~~[40]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

~~[~~Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.]~~31~~[41] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,~~32~~[42] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its ~~"carrying costs". "~~Carrying Costs. Carrying ~~costs"~~Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).~~33~~[43] The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

~~30~~ ~~Blakes suggest that any~~[40] **Note:** Any description of the purpose of the FHPA ~~strictly conforms~~should conform with the stated purposes of the Act set out in Section 3.

~~31~~[41] **Note:** MOE to ~~**MOE:** Please review~~confirm.

~~32~~[42] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.

~~33~~[43] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General Regulation under the FHPA (in effect as at December 21, 2017)][44], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other

[44] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (~~a~~i) to (~~e~~v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a ~~suspension notice~~Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or

purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying ~~that it~~, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

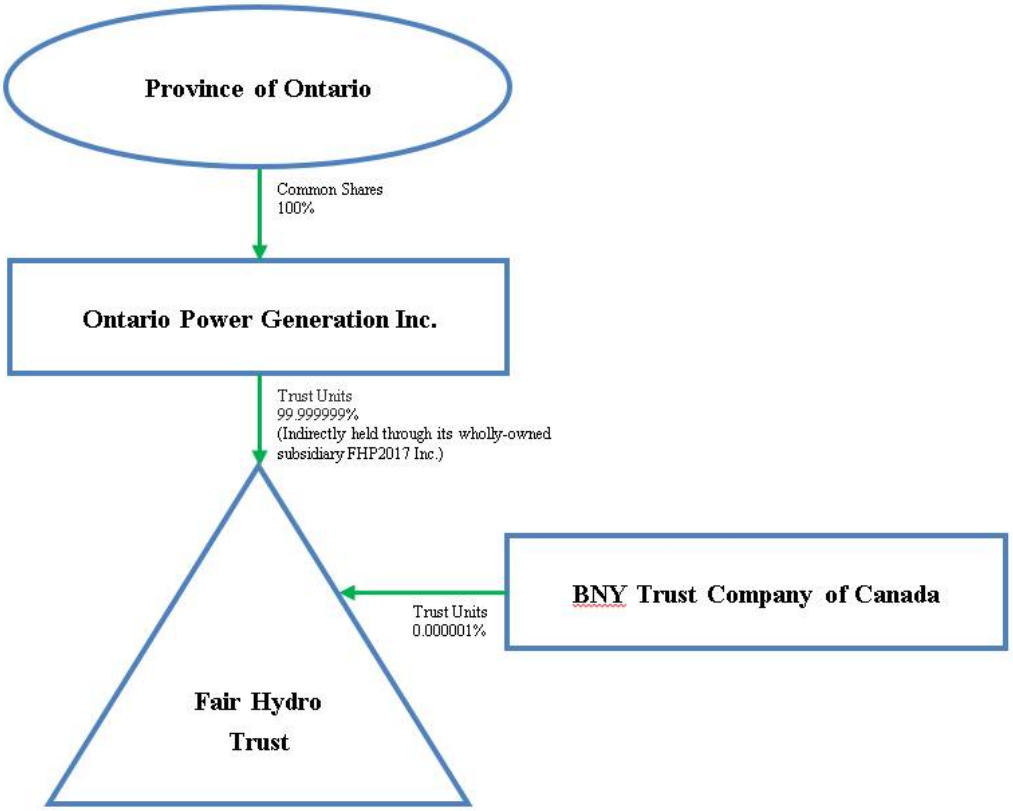

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA

and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, ~~34~~45 the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors − Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer

~~34~~45 Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or ~~carrying costs~~Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

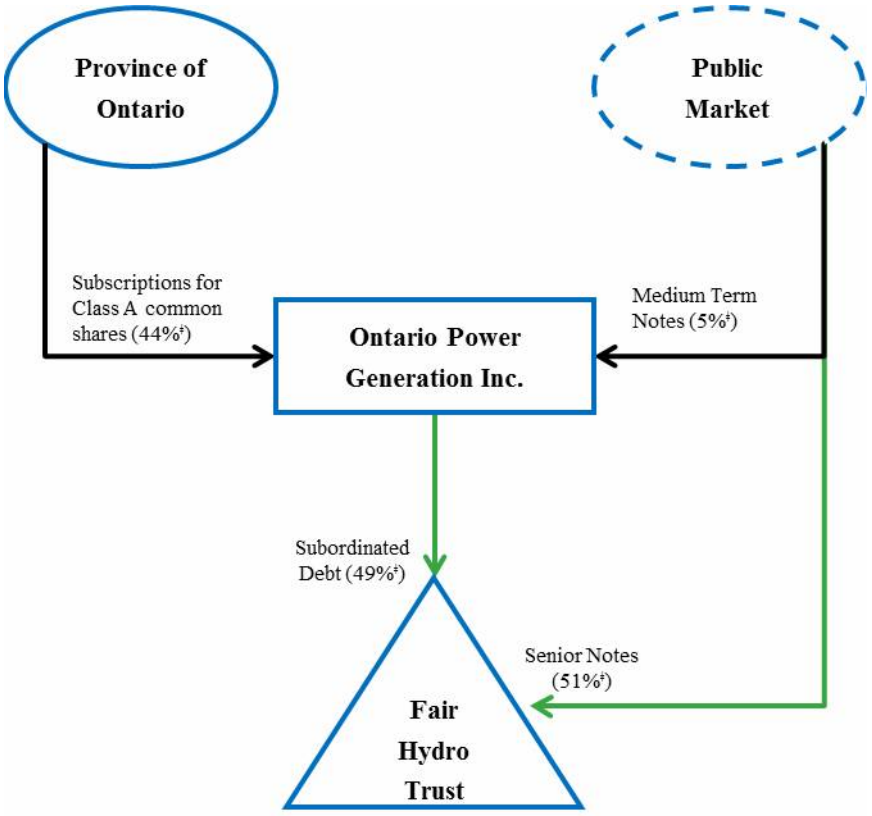

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer,

the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[~~35~~46] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's ~~carrying costs~~Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its ~~carrying costs~~Carrying Costs. Under the Regulations ~~"carrying costs"~~, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[~~36~~47] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs.

As security for the performance of its obligation to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

[~~35~~46] **Note:** Please confirm.

[~~36~~47] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the

taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "— *Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "— *Payment Waterfalls Prior to Acceleration — Collection Account*", "— *Payment Waterfalls Prior to Acceleration — Protection Account*" and "— *Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code~~,~~ of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under

"— *Payment Waterfalls Prior to Acceleration*" and "— *Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[48]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be

[48] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has ~~an~~ been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will ~~not~~ be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "— *Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "— *IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will

be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in ~~the~~ any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "— *Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may

only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel ~~of external counsel~~,[49] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying

[49] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each

Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;
- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;
- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;
- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;
- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;
- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;
- facilitate the issuance of foreign currency Issuer Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy

hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and

payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the

principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;
- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and
- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed

(provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee

by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of

their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or ~~revoked~~repealed. Therefore, the only way for such provisions of the FHPA to be amended or ~~revoked~~repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that ~~materially and~~ adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[50] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the

[50] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[51]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other ~~carrying costs~~Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these ~~carrying costs~~Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's ~~carrying costs~~Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[52] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other ~~carrying costs~~Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other ~~carrying costs~~Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of ~~carrying costs~~Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of ~~carrying costs~~Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

[51] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[52] **Note:** Is there any other information to be added apart from the expiry date?

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other ~~carrying costs~~Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these ~~carrying costs~~Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in

principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[~~37~~53]

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating

[~~37~~53] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[38~~54~~] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to

[38~~54~~] **Note:** Please confirm.

terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[3955] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

[3955] **Note:** Please confirm source/ conform to wording in FHPA.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these

provisions of the *Electricity Act, 1998* (Ontario), as amended by the ~~FHPA,~~*Fair Hydro Act, 2017*,[56] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or ~~guarantee~~guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the

[56] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the

public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations

and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the

acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements

of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable

securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable

grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after

the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward

Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

(i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

(ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

(i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

(ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf

offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified

Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario ~~government~~ related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible

Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[57]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[58]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.[59]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as

[57] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[58] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

[59] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment ~~Interests, including~~Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding

Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust ~~established~~governed under the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[60]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental ~~Indentures~~Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

[60] **Note:** Definition not used.

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in

the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation ~~Amount~~Amounts**" has the meaning set out under "*Change of Law Protection Agreement — Protection Event*".

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

information: Superintendent of Securities

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on Wednesday, January 10, 2018 2:47:14 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23287504/2
Description	TOR_2528-#23287504-v2-Fair_Hydro_OM_-_Blakes_Comments
Document 2 ID	PowerDocs://TOR_2528/23287504/4
Description	TOR_2528-#23287504-v4-Fair_Hydro_OM_-_Blakes_Comments
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	252
Deletions	185
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	437

From:	ASHBOURNE, STEPHEN
To:	Ken Kandeepan; "Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); VINER, JON
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Wednesday, January 10, 2018 2:51:08 PM

Hi. Here are further revisions to the OM mark-up circulated yesterday, based on comments recently received. This is still a work-in-progress, so please do not on-circulate. Please let us know if you have any questions or concerns. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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From: ASHBOURNE, STEPHEN
Sent: Tuesday, January 09, 2018 9:26 AM
To: 'Ken Kandeepan'; 'Thouin, Alena (ENERGY)'; 'Tobias P. Whitfield (MOF)'; 'Mike Manning'; 'Malle Hanslep (MOF)'; 'Anna Strathy'; 'Ronald Kwan'; 'Tim Christie (ENERGY)'; 'Veinot, Cindy (TBS)'; 'Mark Donaldson (MOF)'
Cc: 'Sawwaf, Khareem (ENERGY)'; 'Huang, Jackson (MEDG/MRIS)'; 'Daniel Cayley (ENERGY)'; 'Lightbody, Ava (ENERGY)'; 'James Rehob (ENERGY)'; VINER, JON
Subject: RE: Call re Delivery of Reference Documentation to Province

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FYI, attached is our internal (preliminary) mark-up of the OM. It should not be on-circulated at this stage. We are providing it now in case you would find it useful to have specified illustrations of the foregoing items.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com)
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Mike Manning; Ken Kandeepan; Ronald Kwan; Daniel Cayley (ENERGY); Anna Strathy; Tim Christie (ENERGY); Huang, Jackson (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Mark Donaldson (MOF); Veinot, Cindy (TBS); James Rehob (ENERGY); Lightbody, Ava (ENERGY)
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Wednesday, January 10, 2018 9:43:20 AM

Hi,

Here are a few minor comments from MOF LSB on the sections that reference the protection agreement.

p. 1 – We reviewed a couple of precedents that used the wording "obligations" of Province in these sorts of provisions so the wording looks fine. E.g. UOIT and 55 School Board Trust
p. 7 - Please check over the wording describing contracts of $5 million – think the correct wording "is in excess of", not "equal to or greater than" based on wording of protection agreement definition – compare it to p. 29 of the OM which contains that the longer description which appears to be correct.
p. 8 – Please check description of paragraph (iii) of definition of protection event. Should it say "Act or any portion", not in whole or in part?
p. 8, 10, 27, 28 29, 30, 31, 47, 52,– no comments
p. 70 – "materially" should be deleted from description of protection event
p. 70 - Could mention that s. 21 of PACA prohibits execution, attachment and process in the nature of against the Province and also s. 22 which includes provision that Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown under any order of a court that is final and not subject to appeal or under a settlement of a proceeding of a court…
……

Also perhaps we should generally review the use of "the Province of Ontario" and the "Crown" to see if we are using interchangeably or why we are using 2 different terms, possibly to mean the same thing in each case. If you have any questions about our comments, we could discuss them tomorrow morning..

Thanks,

Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: January-09-18 9:26 AM
To: Kandeepan, Ken (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Hanslep, Malle (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY); Veinot, Cindy (TBS); Donaldson, Mark (TBS)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY); Rehob, James (ENERGY); VINER, JON
Subject: RE: Call re Delivery of Reference Documentation to Province

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———————————

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Tel: 416-863-2400 Fax: 416-863-2653
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Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Tuesday, January 09, 2018 5:14:37 PM
Attachments:	12928399-v1-Fair Hydro Trust - Investor Presentation (pdf mark-up).pdf 12928361-v2-Fair Hydro Trust - Investor Presentation.DOCX

Hi. We have added our comments to the Investor Presentation, attached. Apologies – this document does not seem to permit normal blacklining, so it will be difficult for you to pinpoint all of the suggested changes. In several places, we highlighted/CAPs items for your consideration and confirmation – which should be easily identified in the document even without blacklining. For the time being. please let us know if you have thoughts on those items. In the meantime, we will see what can be done to identify the other drafting changes in the presentation. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Partner
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Dir: 416-863-3086

Fair Hydro Trust
Investor Presentation

January [xx], 2018

12928361.2

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This presentation and its contents are being supplied for informational purposes only by Fair Hydro Trust (the Issuer) and are not an offer to buy or sell or a solicitation of an offer to buy or sell any securities of the Issuer.

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The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, neither the Issuer nor Ontario Power Generation (OPG) intends, or assumes any obligation, to revise or update any information in this presentation.

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Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer & Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• **[RATHER INTRODUCE BY FOCUSING ON THE ENACTED LEGISLATION. EARLIER PLAN AND ANNOUNCEMENT WERE SUPERCEDED BY MORE DETAILED CONTEXT OF THE LEGISLATION.]** •
Legislation	• On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017 (*the "FHPA" or "Act"). **[TRACK THE PURPOSE LANGUAGE IN OFHPA S.3. RATE REDUCTION IS INCIDENTAL AND NEED NOT BE EMPHASIZED]** • The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and (together, with the Regulations, the "[Legislation]'). • The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers and referred to as the Clean Energy Adjustment (CEA). The CEA for a period will be determined in accordance with the Legislation by Ontario Power Generation (OPG) in its role as Financial Services Manager under the Act. • The CEA will be determined for each month during successive six month reference periods and will be converted by the Ontario Energy Board (OEB) into a $/kWh rate and added to electricity invoices sent to Specified Consumers. • From [July 1, 2017] to April 30, 2021 (the "Moratorium Period"), no payments in respect of the CEA are expected to be collected. During the Moratorium Period and until July 31, 2021, the Independent Electricity System Operator (IESO) is obligated to pay all funding and [other expenses] of the [Trust][Financing Entities] (excluding principal) (referred to as "Carrying Costs") under the Regulations.
Fair Hydro Trust	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") **[OTHER FINANCING ENTITIES?]**through the issuance of senior, subordinated and junior subordinated notes. • Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis is ring fenced from OPG's other creditors • The FHT term notes will be repaid through the CEA payments received from Specified Consumers or from the proceeds of one or more refinancings.

[1] Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt

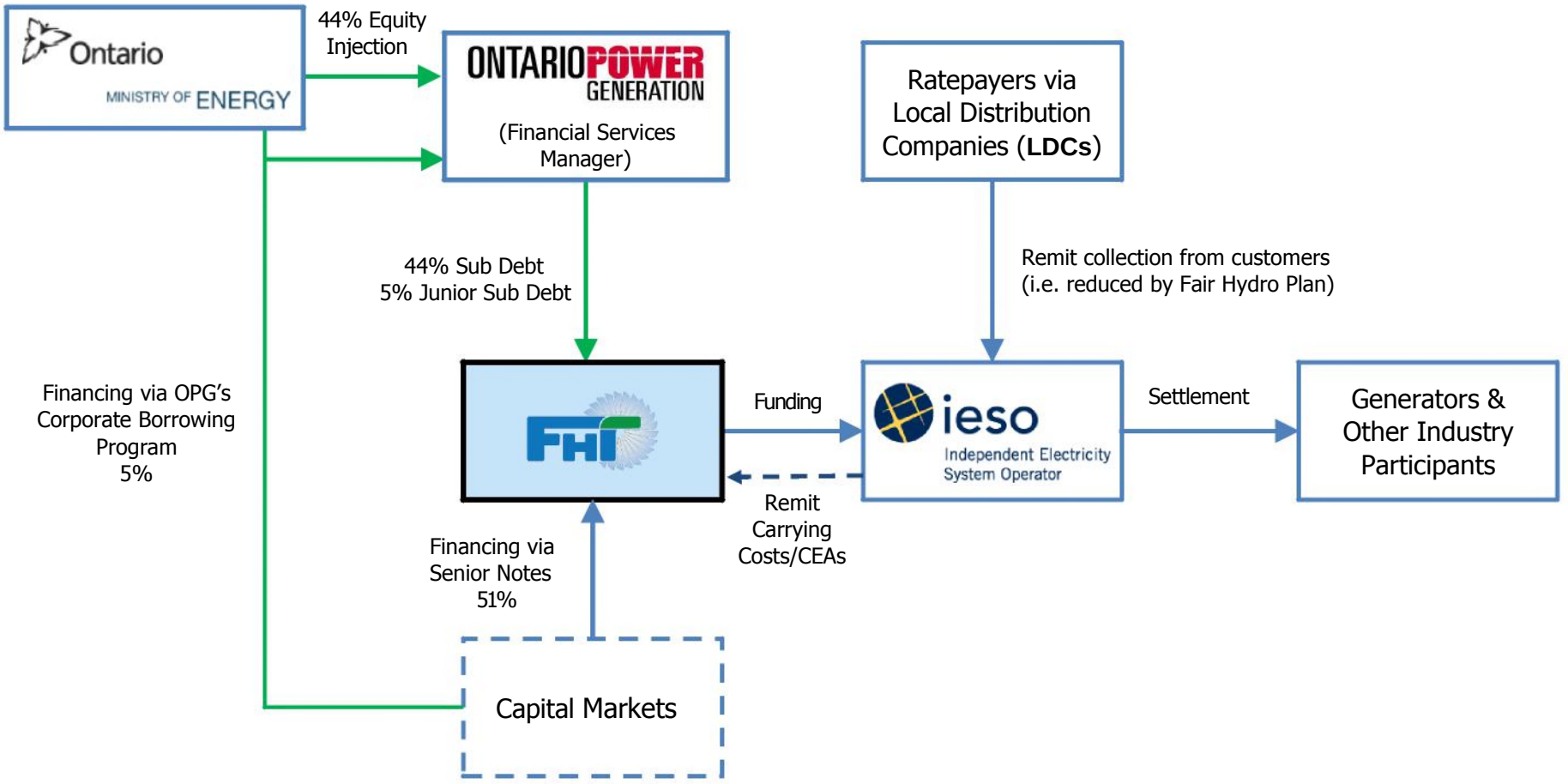

Note: The diagram above is based on subordinated debt of 49% of all outstanding debt; under the Master Trust Indenture, the Trust covenants to maintain the level of subordinated debt plus junior subordinated debt at not less than [35% of all outstanding debt][**ELABORATE**]

Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa. **[NEEDED?]**

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

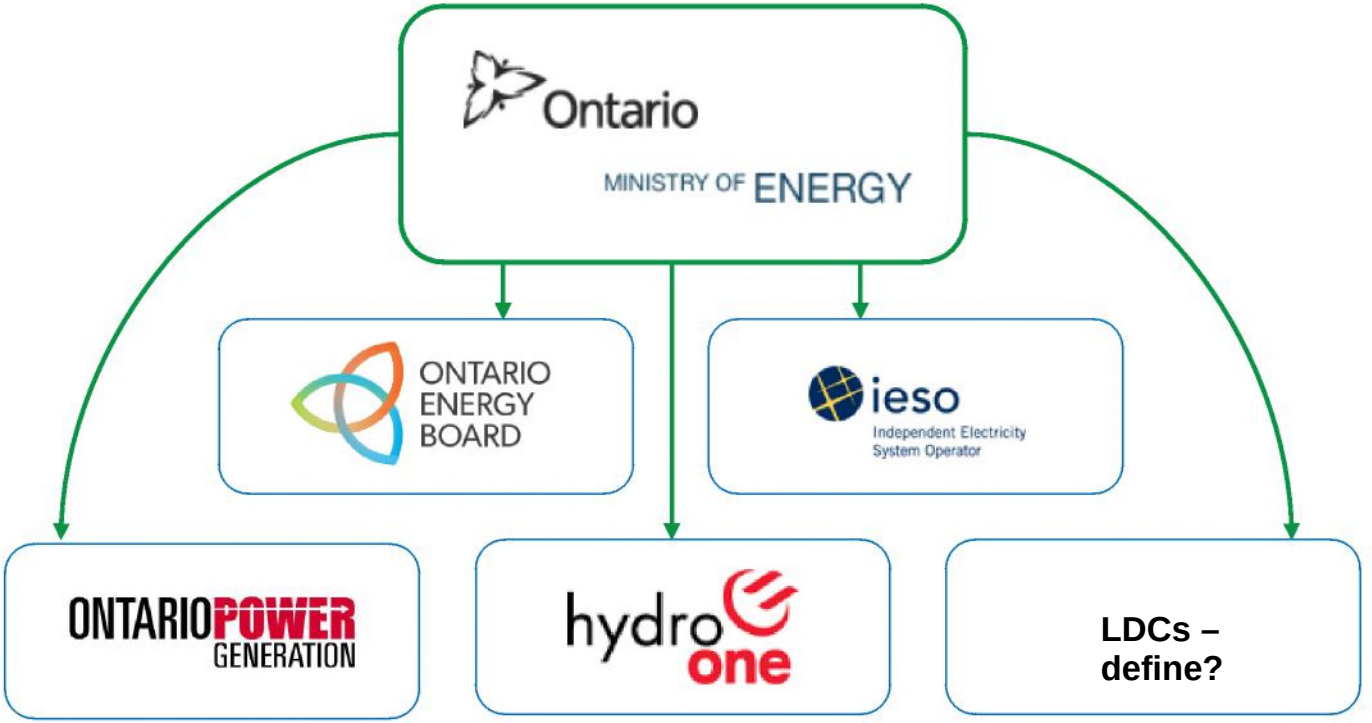

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix to the technical report, entitled "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets the policy for the electricity system
Ontario Energy Board	**--**	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan (RPP); RPP rates are set twice a year (May and November)
Independent Electricity System Operator	**A(h) / -- / Aa2**	• Not-for-profit corporation established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing approximately half of the province's electricity
hydro one	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities **[RELEVANCE? NOT NAMED IN OM]**

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations, including LDCs. The majority of LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or [other?] private-sector owners
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	$13,680

1 Source: OEB 2016 Yearbook of Electricity Distributors **[UPDATE?]**
2 Small Commercial includes General Service <50kW Customers
3 Most recent rating reports from S&P, DBRS and Moody's
4 Residential and Small Commercial customers **[COMPARE TO SPECIFIED CONSUMERS?]**

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that [results from the Fair Adjustment]**[BE MORE PRECISE. SEE DEFN OF "IESO DEFERRAL"]** and records this amount, together with financing costs, in a variance account
- FHT will **[ACQUIRE INVESTMENT INTEREST TO BE FINANCED …]**finance the **[ACQUIRE INVESTMENT INTEREST, WHICH ENTITLES IT BE PAID AN AMOUNT DETERMINED BY REFERENCE TO]** its costs and the principal and interest on its debt, through CEAs from Specified Consumers

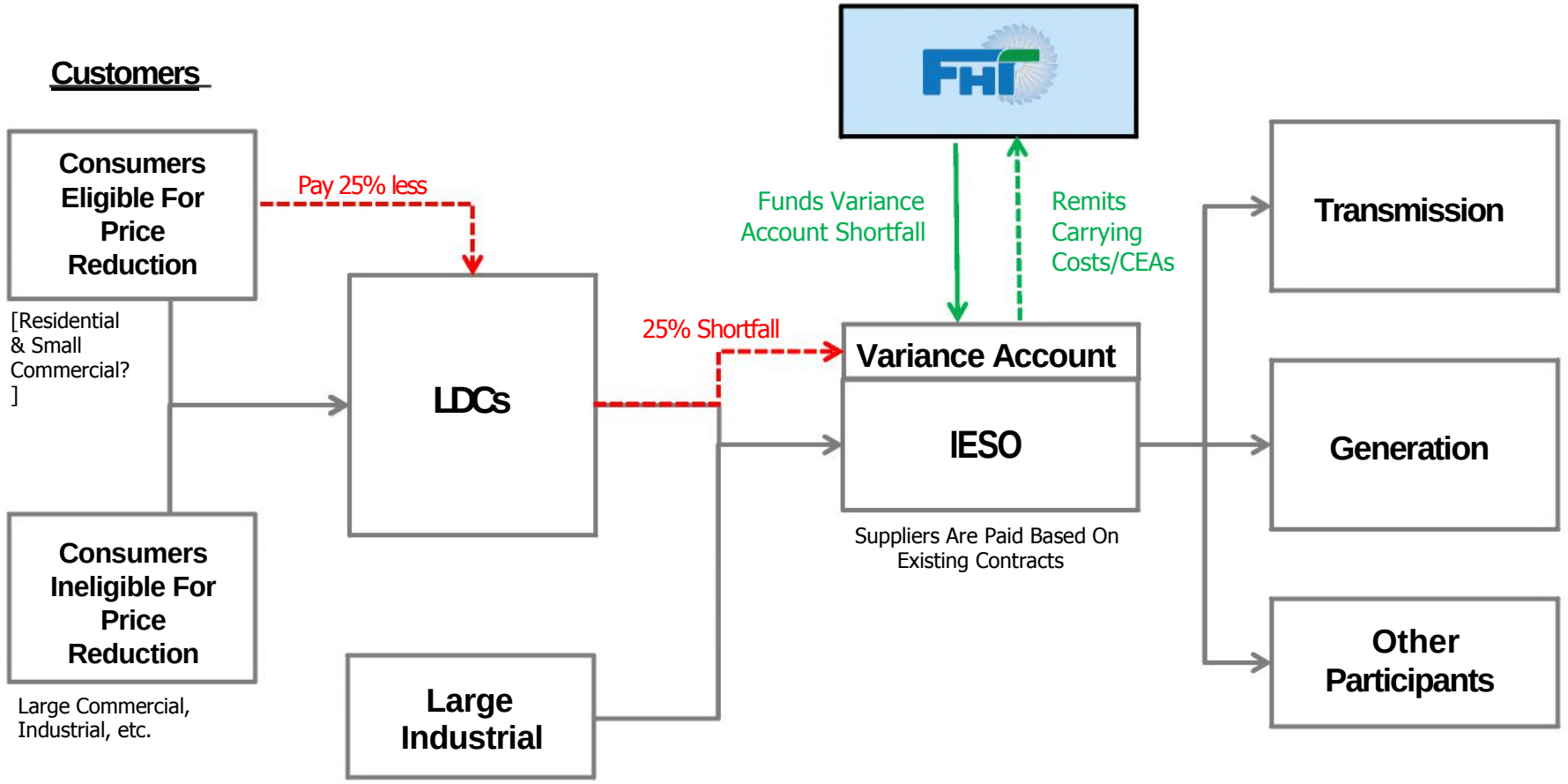

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017** – **April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018** – **April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019** – **April 30, 2021** - rate reductions [will be established by future regulation] **[NOT DETERMINED]** but anticipated to increase by the rate of inflation in Ontario **[NOT CONFIRMED]**

1 Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines [the shortfall that results from the Fair Adjustment] **[REPLACE WITH CONCEPT OF IESO DEFERRAL]** and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the "Regulatory Asset") • The IESO may transfer a specified portion of the Regulatory Asset to [the Trust] for a cash purchase price equal to the corresponding amount recorded in the variance account
Investment Asset and Investment Interests	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an "Investment Interest") • By acquiring an Investment Interest, [the Trust] will be entitled to recover all of its associated financing costs and acquires the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers in accordance with the Legislation
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are [not permitted to be collected from Specified Consumers during this period] **[CONFORM TO LEGISLATION]** • The IESO is obligated to pay [the Trust all Carrying Costs], excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in all of its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion general credit facility from the Ontario Financing Authority (OFA) which can be used to pay the Carrying Costs **[SUGGESTIVE THAT OFA LINE WILL NECESSARILY BE AVAILABLE TO COVER**

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the [cost of financing the shortfall from the Fair Adjustment] **[PRECISION/ALIGN]** and the associated costs of the financing, including payment of principal, operating costs of the Trust and funding of reserve accounts
- CEAs shown on an invoice issued to Specified Consumers represents the amount of the consumers' indebtedness and may not be set off or bypassed

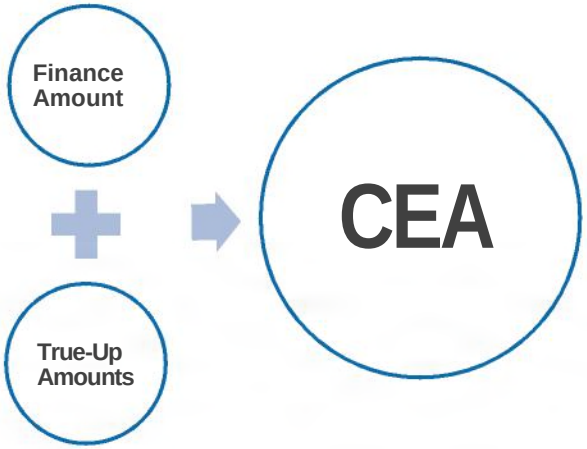

Finance amount = estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the collection obligations of the IESO under the Master Transfer & Servicing Agreement (MTSA), and the ability to include amounts into the true up mechanism
- IESO is allowed to commingle the CEAs during a monthly period before remitting to FHT. If the IESO's rating is downgraded below investment grade, it will not be allowed to commingle CEAs and will remit within two business days of receipt

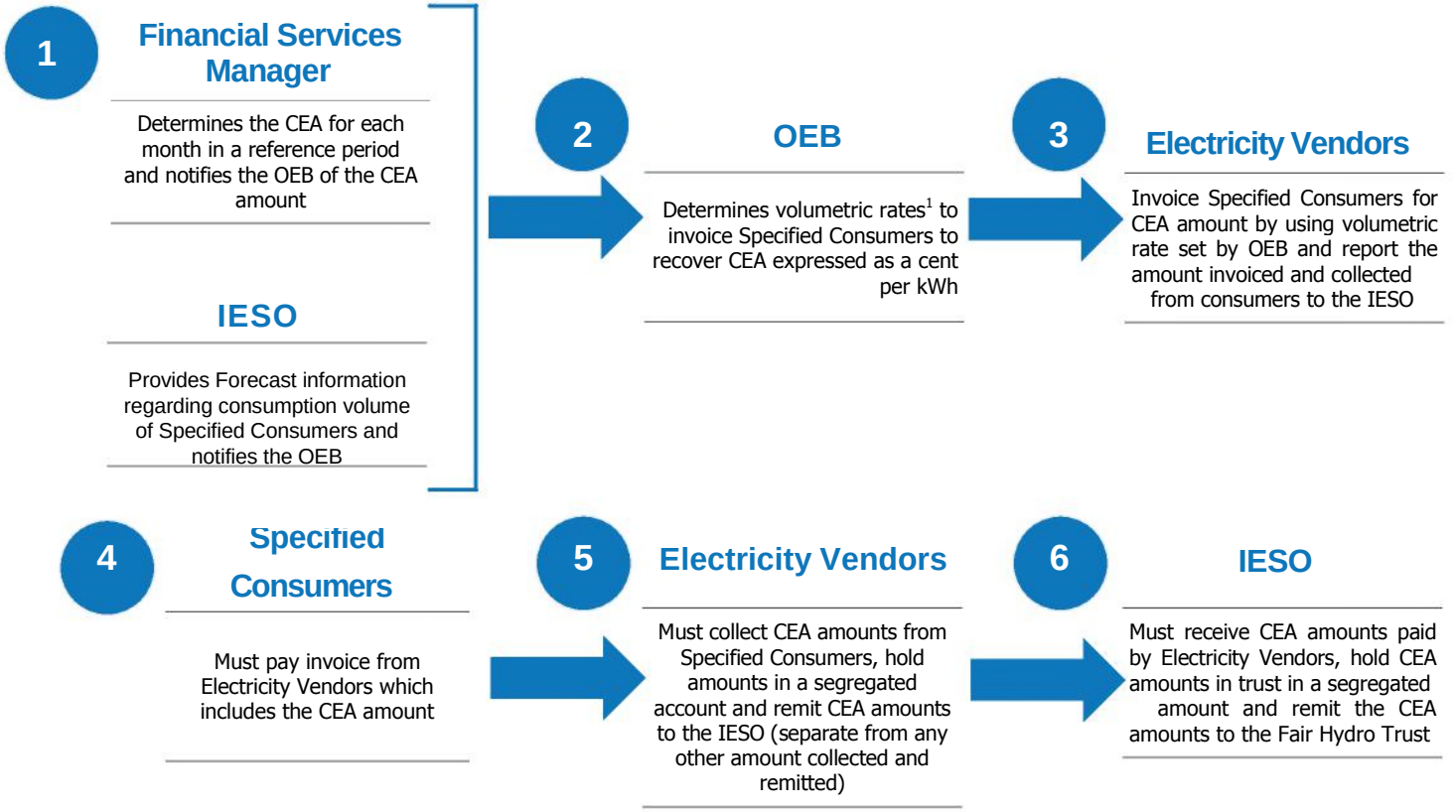

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

SW F FAIR ALLOCATION SHOULD BE INCLUDED. NOT IN OM. CONSIDER ANY TIALITY CONCERNS.

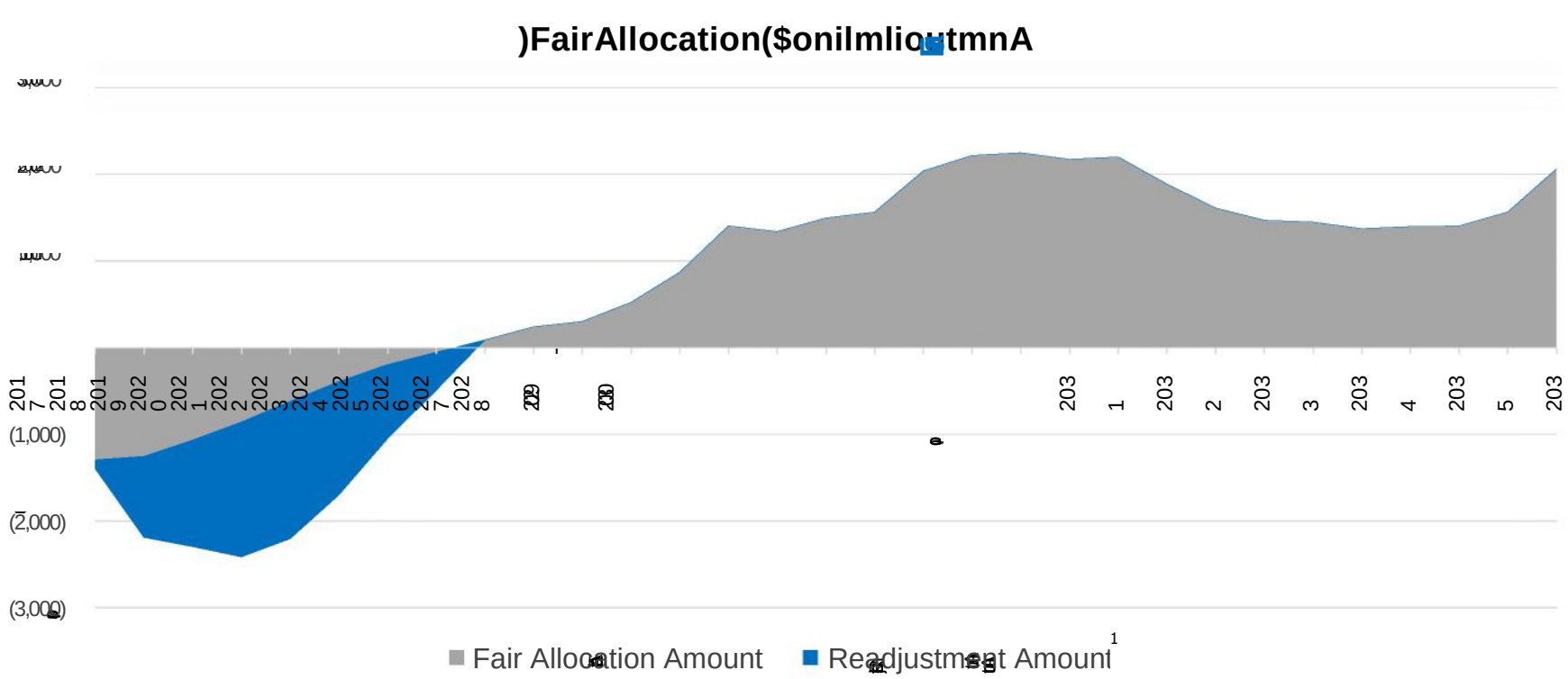

IV. Contractual Framework

Simplified Contractual Structure

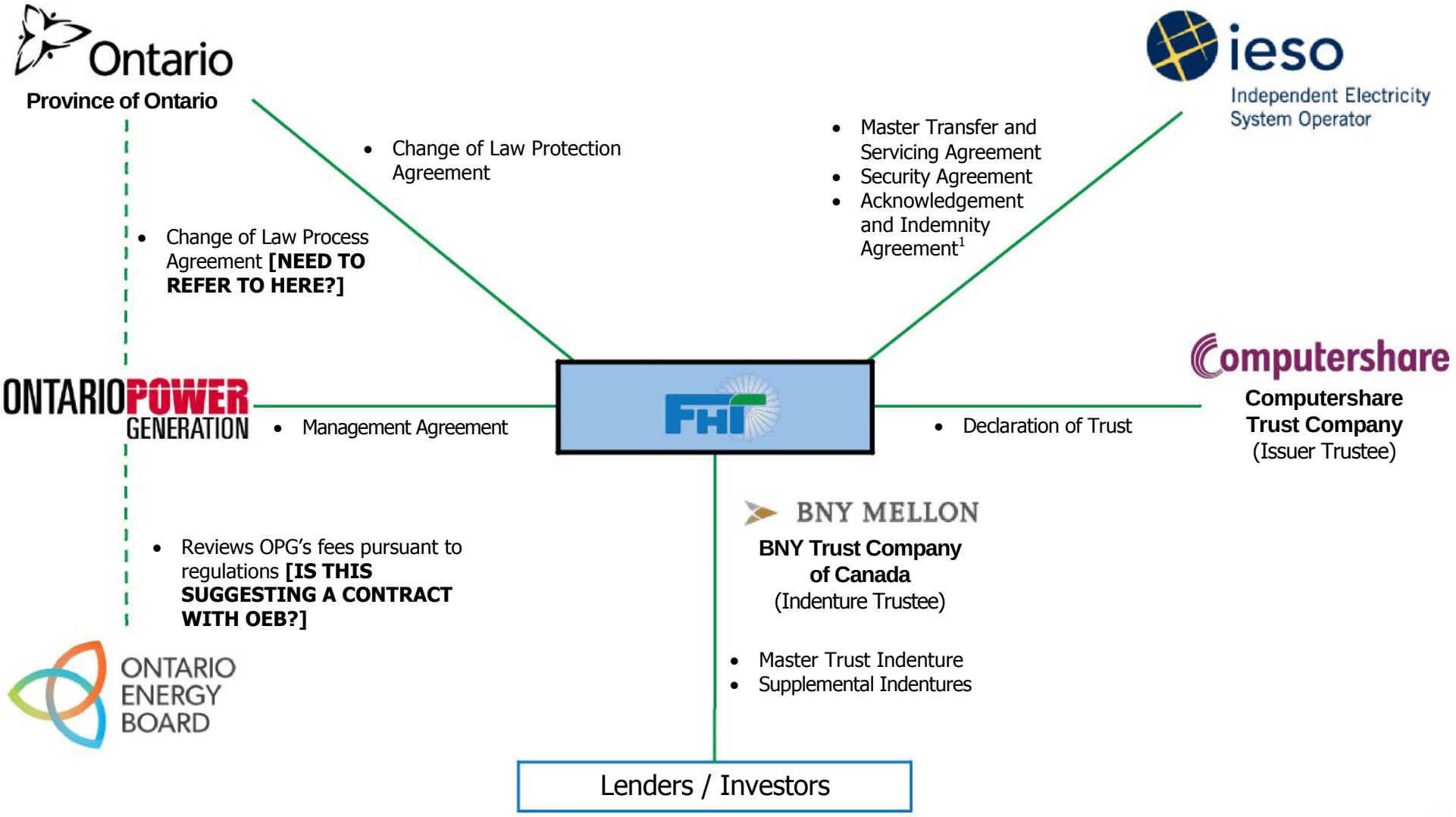

1 Agreement between IESO and Indenture Trustee.

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee, as trustee for Specified Creditors[1], and (3) OPG as Financial Services Manager (FSM) and as Manager
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event referred to below, the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding **[CONFORM]** • **Limited Guarantee**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable (subject to limits on payment obligations following an acceleration) • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called "Approved Obligations") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other [Program Breach] or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a change of law process agreement between OPG and the Province. Any new funding obligations that are incurred during a suspension period will not have the benefit of the Limited Guarantee, except that the Change of Law Protection Agreement applies to Post-Suspension Refinancing of previously issued Pre-Approved Refinancing

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events: **[CONFORM TO OM]**

(1)

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "Regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

(2)

- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to [the Trust] of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest and describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the regulations **[DISTINGUISH MTSA FROM REGNS?]**, including collecting CEA amounts from Electricity Vendors and remitting the same to the [Trust], including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause Electricity Vendors to do the same; – Collect CEAs from Electricity Vendors; – Remit CEAs monthly to [the Trust] (unless downgraded below investment grade in which case it will remit daily); – Prepare monthly servicer reports; and – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements (cont'd)

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, as trustee for Specified Creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – [Paying taxes on behalf of the Trust]**[CONFIRM OPG'S OBLIGATION RE TAX]** • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests **[OR IS THIS THE FSM?]** • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulations to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated substantially all of [the powers and] **[CONFIRM]** duties of managing the Trust to OPG under the Management Agreement

Allocation of Servicing Role and Responsibilities

- **The shared responsibilities of servicing and management roles are summarized below**

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	□		
Determination of CEA for a Reference Period, including the True-Up Amount	□		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	□		
Management of Ongoing Debt Issuances	□		
Cash Management	□	□	
Preparation of Monthly Servicer Reports		□	
Remittance of CEA to IESO and to the Trust		□	□
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		□	□
Customer Billing			□
Customer Collections			□
Customer Meter Reading			□

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program, as the initial FSM appointed under the Act
- Given the size (~[$20]**[CONFIRM]** billion) and longevity (~[10]**[CONFIRM]** years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Initial Warehouse financing (ABCP conduit and bank funded senior debt) and subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly [Regulatory Asset purchases] from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- For example, Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Initial Warehouse	• ABCP conduit and bank funded senior debt and subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated debt and junior subordinated debt funded by OPG • Both Canadian term debt [and U.S. term debt market will be considered] **[CONFIRM]** • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) [DESCRIBE POSSIBLE REFINANCINGS OF SHORTER MATURING DEBT?]
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall **[principal only?]**)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be **[INCURRENCE OR MAINTENANCE REQUIREMENT?]** purchased by OPG, primarily funded by equity injections from the Province (44% of the 49%)

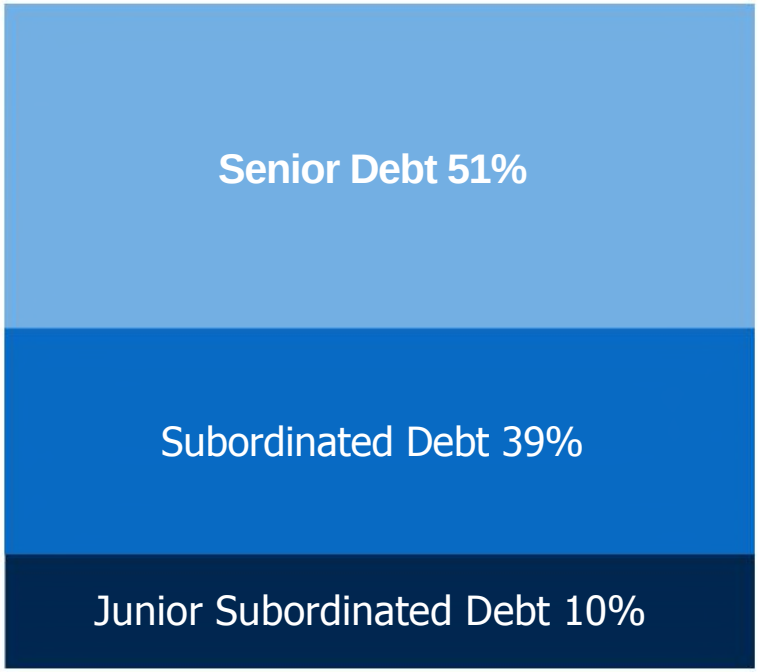

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% Subordinated Debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount **[REPAYMENTS, BUT NOT INCURRENCES]** and the [Province's electricity bill reduction targets **[CAN THIS BE SUGGESTED? KNOWN?]**, the following debt profile for the program is expected, peaking at just under $20 billion by 2029 **[CONFIRM]**
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which are expected to mature over a period after 2029 **[CONFIRM. CONSIDER REFINANCING OF SHORTER MATURITIES?]**

Illustrative Aggregate Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

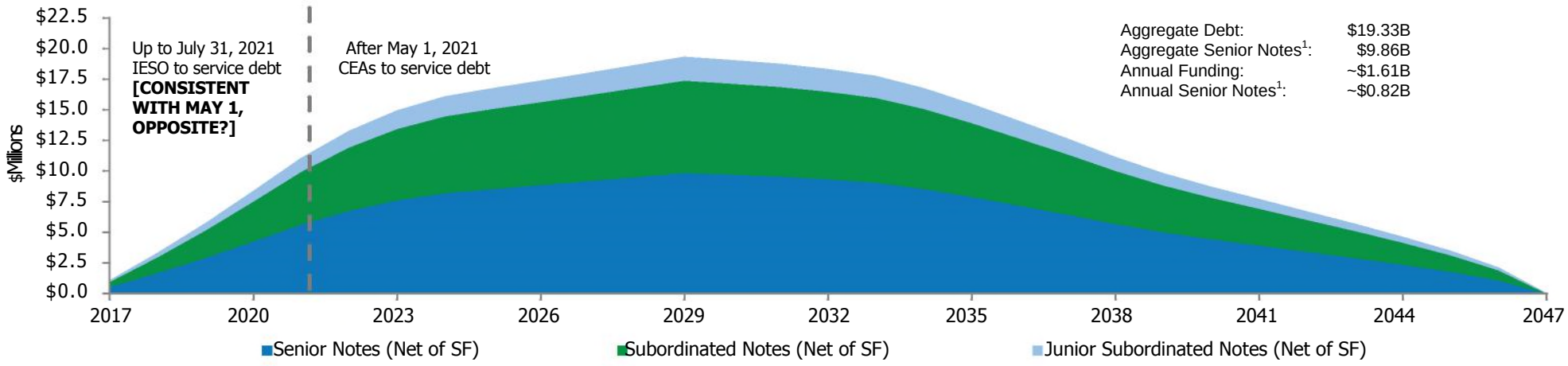

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill **[CAN THIS BE SUGGESTED? KNOWN?]**
- Max CEA as a percent of the total bill is forecast to be 10.1% **[KNOWN? ASSUMPTIONS?]**
- Average CEA as a percent of the total bill is forecast to be 6.9% **[SAME?]**

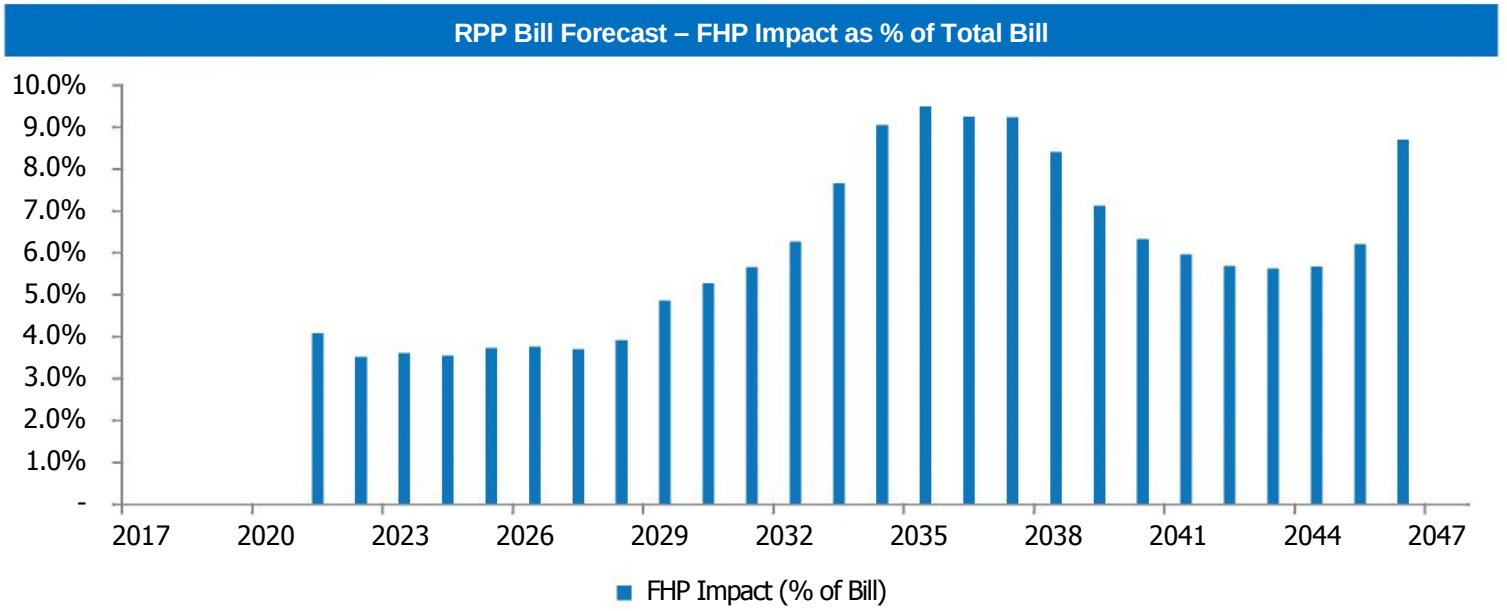

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments, including: – Note issuances under supplemental indentures – Borrowings under future credit agreements – Sales of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations – (i) senior – (ii) subordinated – (iii) junior subordinated
Events of Default	• Include payment defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped under the Regulation at the otherwise scheduled amounts, plus an additional amount if the aggregate of those otherwise scheduled amounts would be less than the FAA for the period • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness. Accordingly, the subordination of debt across all series of debt should advance the repayment of the principal amount for senior funding obligations • After an acceleration, all **[CONFIRM. CAN A SERIES ELECT TO DEFER PAYMENT ON ACCELERATION?]** Senior Term Notes will be paid pari passu

Waterfall

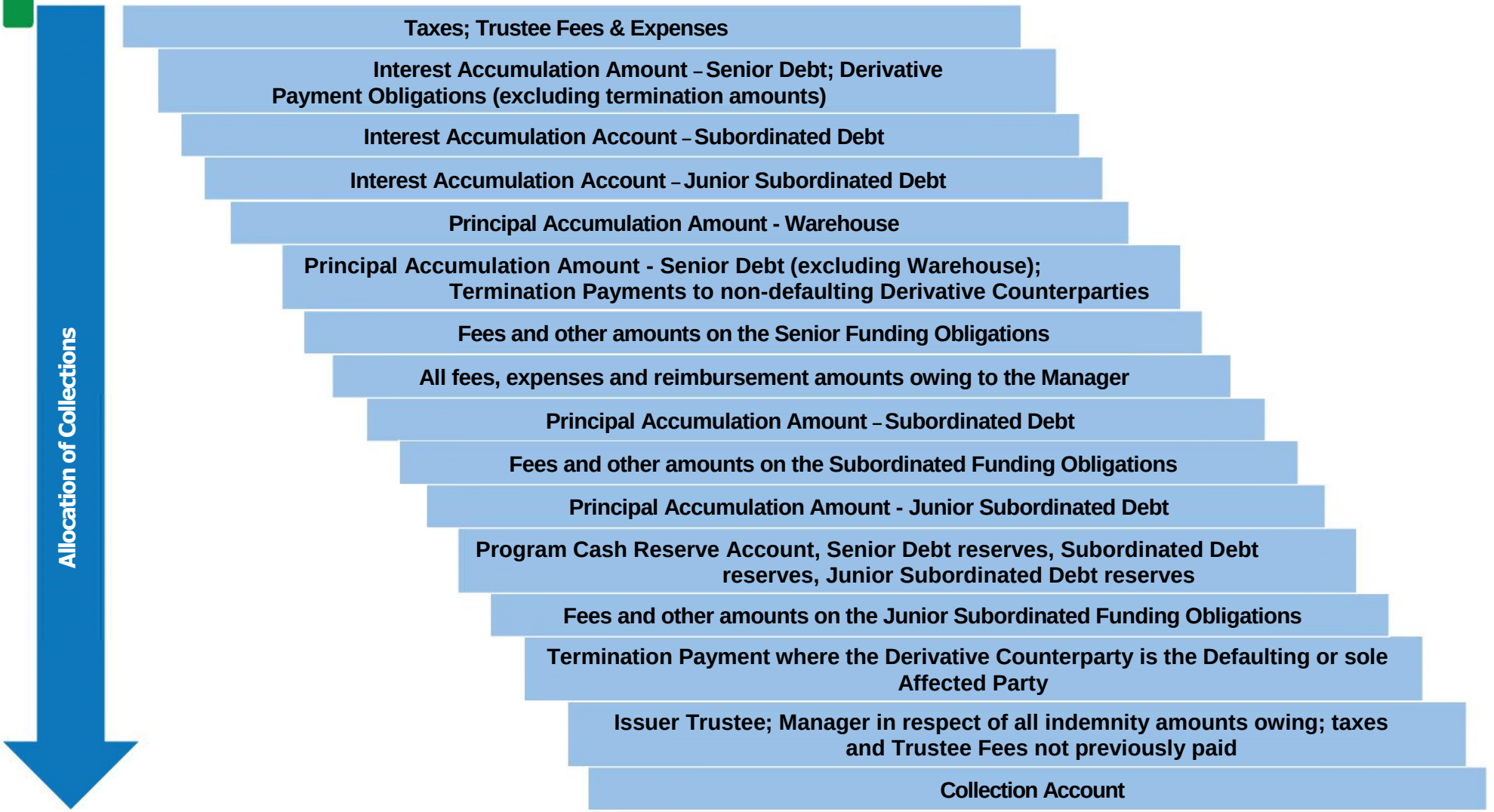

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.
Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Term Issuance	~~Class~~	~~Size~~	~~% of Trust~~	Expected Maturity	Principal Payment Default Date	Rating (DBRS / Moody's)
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA (sf) / Aa2 (sf)
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
ssuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances (not including principal) from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from certain residential and commercial customers in Ontario, related collections and reserve accounts (After May 1, 2021)					
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	Principal Accumulation Date ● , 20●			Principal Accumulation Amount $●		
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual (or more frequent) True-up • Reserve Account • Subordination					
Program Cash Reserve Account	After Moratorium period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post-moratorium period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					
Additional Issuance	Master Trust Indenture allows for the issuance of additional notes subject to satisfaction of Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in the Indenture Trustee for lenders/investors in these circumstances
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True up mechanism may result in a delay, but will be corrected in next True up **[FREQUENCY?]** • Cash reserve and 35%-49% subordination which would first absorb any shortfalls **[Maintenance vs Incurrence?]** • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• During the Moratorium Period, the Trust is dependent on the IESO to pay for all Carrying Costs **[SUGGESTS THAT IESO WILL PAY; NOT PROVIDE CASH FOR TRUST TO PAY]** • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and [very low losses] **[ANY? SOCIALIZED?]** and grants security over all of its accounts receivables as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	**[SENSITIVE??]** • 20 year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill is forecast to be ~10% **[KNOWN? CONFIRM?]**

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & [non-bypassable] **[CLARIFY?]** rate payer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers (Joint and Several Liability)
- Robust true-up mechanism **[IF THIS IS COMPARING TO A PRECEDENT DEAL, THEN SHOULD INDICATE THAT COMPARISON]**
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory **[MEANING?]**
- No large user industrial risk exposure **[MEANING?]**

Fair Hydro Trust
Investor Presentation

January [xx], 2018

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Presenters

ONTARIO POWER GENERATION

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John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan

- **[RATHER INTRODUCE BY FOCUSING ON THE ENACTED LEGISLATION. EARLIER PLAN AND ANNOUNCEMENT WERE SUPERCEDED BY MORE DETAILED CONTEXT OF THE LEGISLATION.]**
-

Legislation

- On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017 (*the "FHPA" or "Act"). **[TRACK THE PURPOSE LANGUAGE IN OFHPA S.3. RATE REDUCTION IS INCIDENTAL AND NEED NOT BE EMPHASIZED]**
- The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and (together, with the Regulations, the "[Legislation]').
- The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers and referred to as the Clean Energy Adjustment (CEA). The CEA for a period will be determined in accordance with the Legislation by Ontario Power Generation (OPG) in its role as Financial Services Manager under the Act.
- The CEA will be determined for each month during successive six month reference periods and will be converted by the Ontario Energy Board (OEB) into a $/kWh rate and added to electricity invoices sent to Specified Consumers.
- From [July 1, 2017] to April 30, 2021 (the "Moratorium Period"), no payments in respect of the CEA are expected to be collected. During the Moratorium Period and until July 31, 2021, the Independent Electricity System Operator (IESO) is obligated to pay all funding and [other expenses] of the [Trust][Financing Entities] (excluding principal) (referred to as "Carrying Costs") under the Regulations.

Fair Hydro Trust

- The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") **[OTHER FINANCING ENTITIES?]**through the issuance of senior, subordinated and junior subordinated notes.
- Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis is ring fenced from OPG's other creditors
- The FHT term notes will be repaid through the CEA payments received from Specified Consumers or from the proceeds of one or more refinancings.

[1] Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt

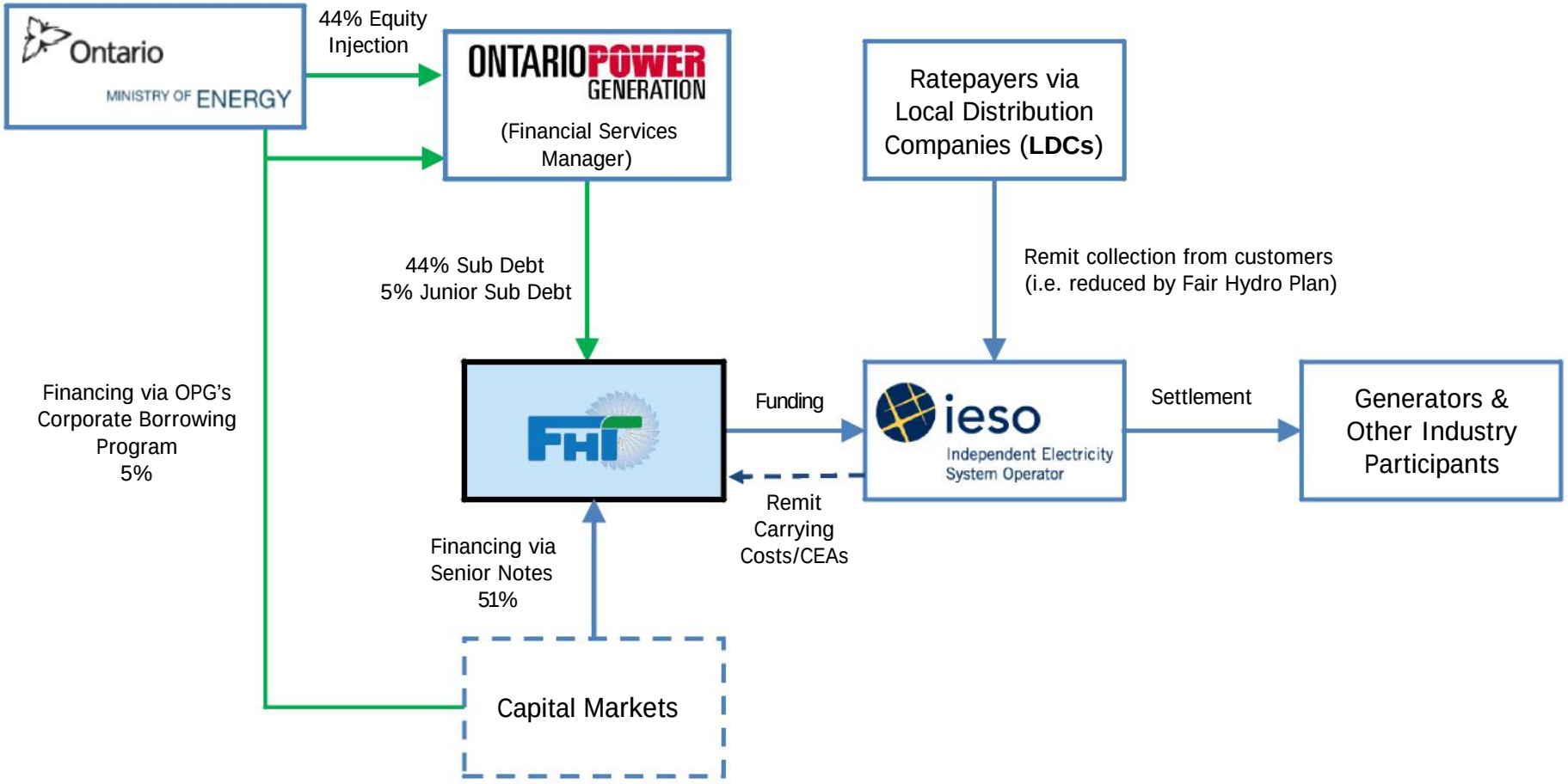

Note: The diagram above is based on subordinated debt of 49% of all outstanding debt; under the Master Trust Indenture, the Trust covenants to maintain the level of subordinated debt plus junior subordinated debt at not less than [35% of all outstanding debt][**ELABORATE]**

Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa. **[NEEDED?]**

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

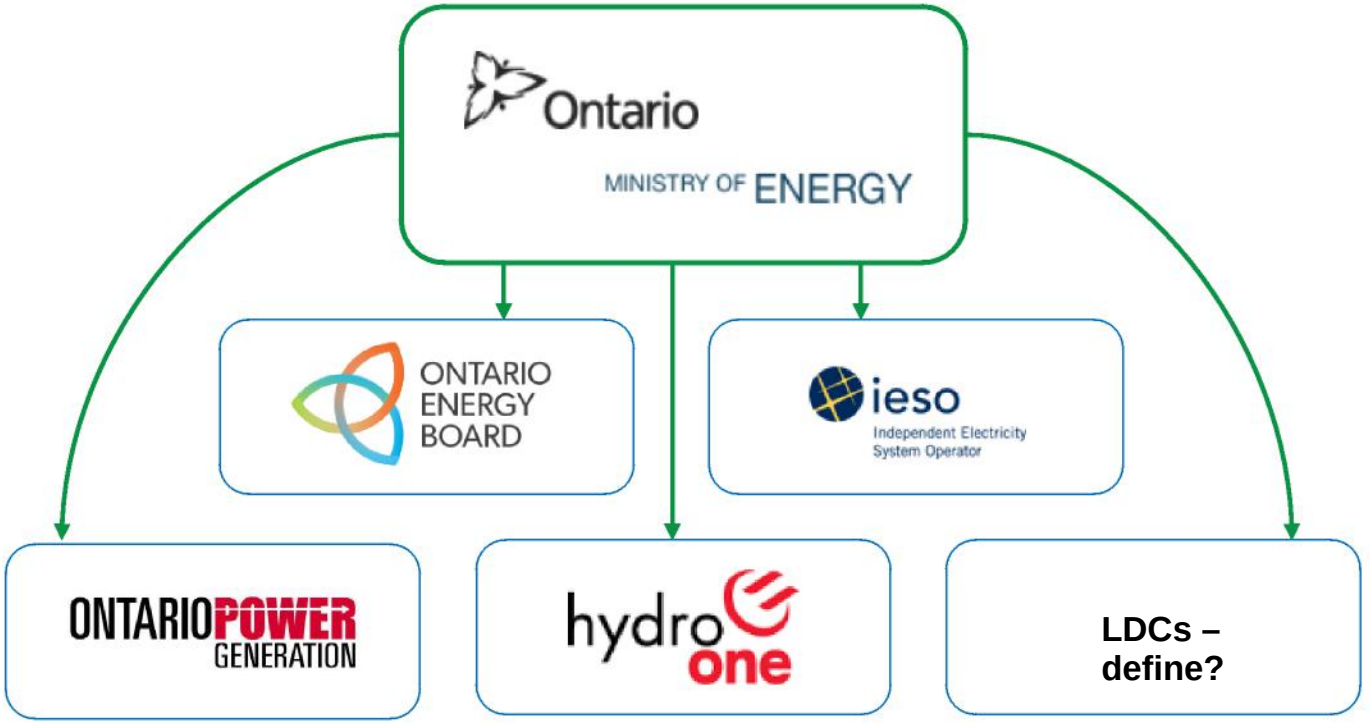

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix to the technical report, entitled "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets the policy for the electricity system
Ontario Energy Board	**--**	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan (RPP); RPP rates are set twice a year (May and November)
IESO Independent Electricity System Operator	**A(h) / -- / Aa2**	• Not-for-profit corporation established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing approximately half of the province's electricity
Hydro One	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities **[RELEVANCE? NOT NAMED IN OM]**

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations, including LDCs. The majority of LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or [other?] private-sector owners
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	$13,680

1 Source: OEB 2016 Yearbook of Electricity Distributors **[UPDATE?]**
2 Small Commercial includes General Service <50kW Customers
3 Most recent rating reports from S&P, DBRS and Moody's
4 Residential and Small Commercial customers **[COMPARE TO SPECIFIED CONSUMERS?]**

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that [results from the Fair Adjustment]**[BE MORE PRECISE. SEE DEFN OF "IESO DEFERRAL"]** and records this amount, together with financing costs, in a variance account
- FHT will **[ACQUIRE INVESTMENT INTEREST TO BE FINANCED …]**finance the **[ACQUIRE INVESTMENT INTEREST, WHICH ENTITLES IT BE PAID AN AMOUNT DETERMINED BY REFERENCE TO]** its costs and the principal and interest on its debt, through CEAs from Specified Consumers

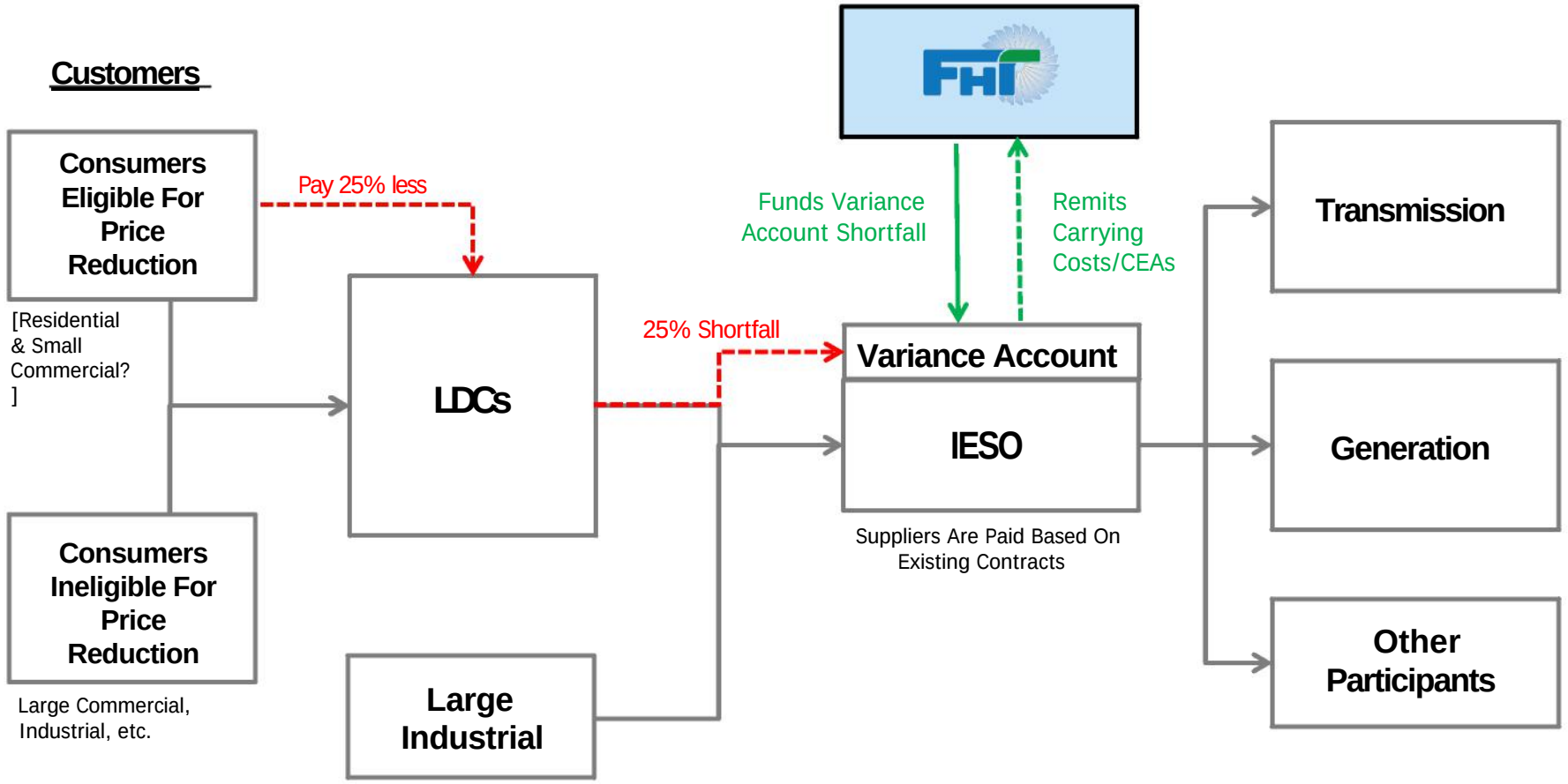

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017** – **April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018** – **April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019** – **April 30, 2021** - rate reductions [will be established by future regulation] **[NOT DETERMINED]** but anticipated to increase by the rate of inflation in Ontario **[NOT CONFIRMED]**

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines [the shortfall that results from the Fair Adjustment] **[REPLACE WITH CONCEPT OF IESO DEFERRAL]** and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the "Regulatory Asset") • The IESO may transfer a specified portion of the Regulatory Asset to [the Trust] for a cash purchase price equal to the corresponding amount recorded in the variance account
Investment Asset and Investment Interests	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an "Investment Interest") • By acquiring an Investment Interest, [the Trust] will be entitled to recover all of its associated financing costs and acquires the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers in accordance with the Legislation
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are [not permitted to be collected from Specified Consumers during this period] **[CONFORM TO LEGISLATION]** • The IESO is obligated to pay [the Trust all Carrying Costs], excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in all of its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion general credit facility from the Ontario Financing Authority (OFA) which can be used to pay the Carrying Costs **[SUGGESTIVE THAT OFA LINE WILL NECESSARILY BE AVAILABLE TO COVER**

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the [cost of financing the shortfall from the Fair Adjustment] **[PRECISION/ALIGN]** and the associated costs of the financing, including payment of principal, operating costs of the Trust and funding of reserve accounts
- CEAs shown on an invoice issued to Specified Consumers represents the amount of the consumers' indebtedness and may not be set off or bypassed

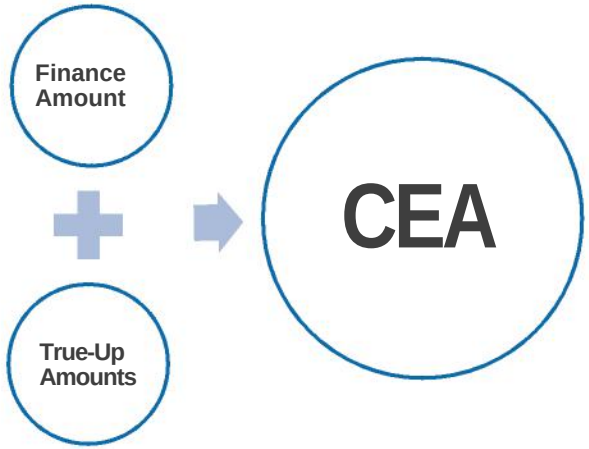

Finance amount = estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the collection obligations of the IESO under the Master Transfer & Servicing Agreement (MTSA), and the ability to include amounts into the true up mechanism
- IESO is allowed to commingle the CEAs during a monthly period before remitting to FHT. If the IESO's rating is downgraded below investment grade, it will not be allowed to commingle CEAs and will remit within two business days of receipt

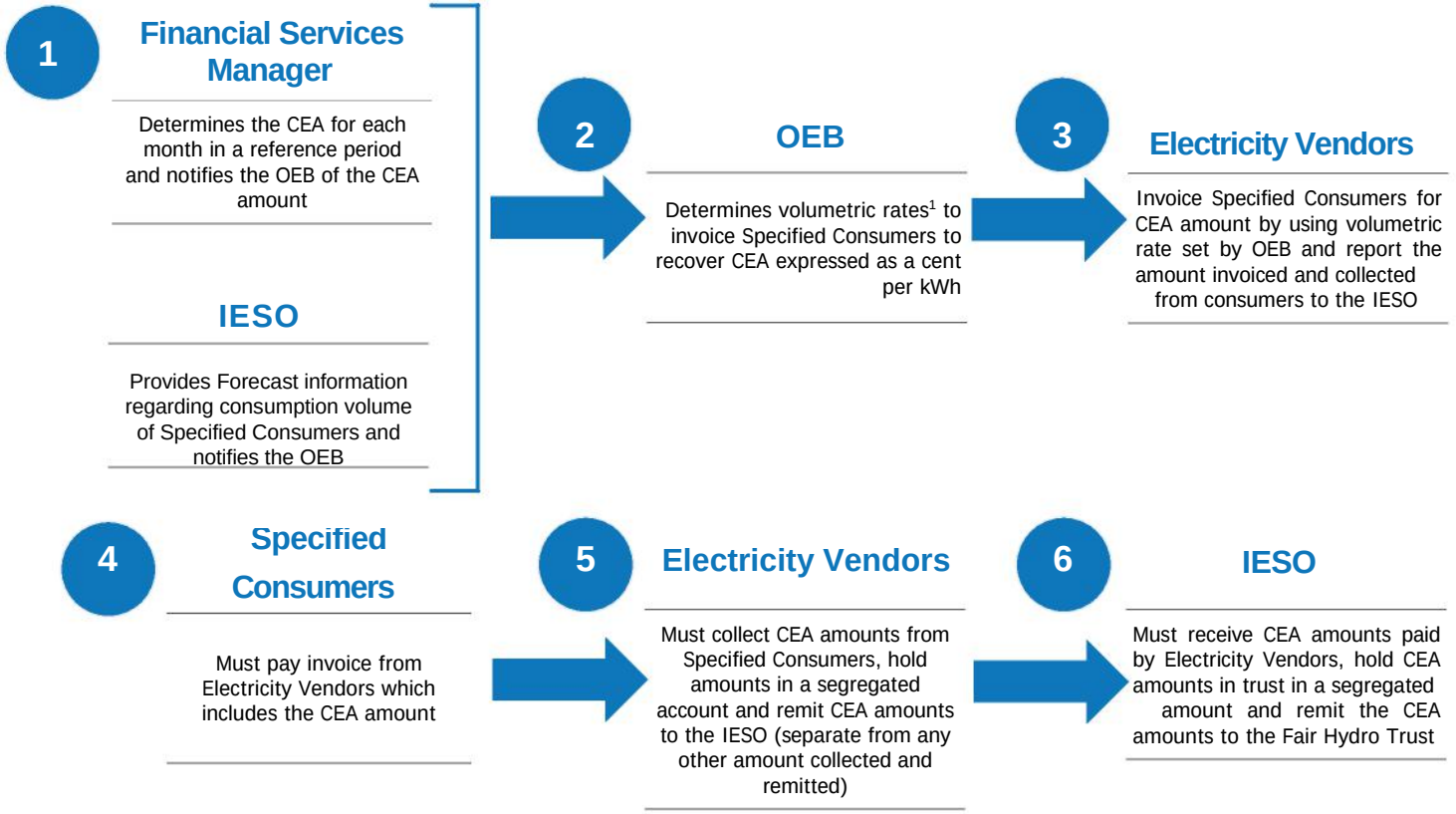

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

[C C(**SW F FAIR ALLOCATION SHOULD BE INCLUDED. NOT IN OM. CONSIDER ANY TIALITY CONCERNS.**

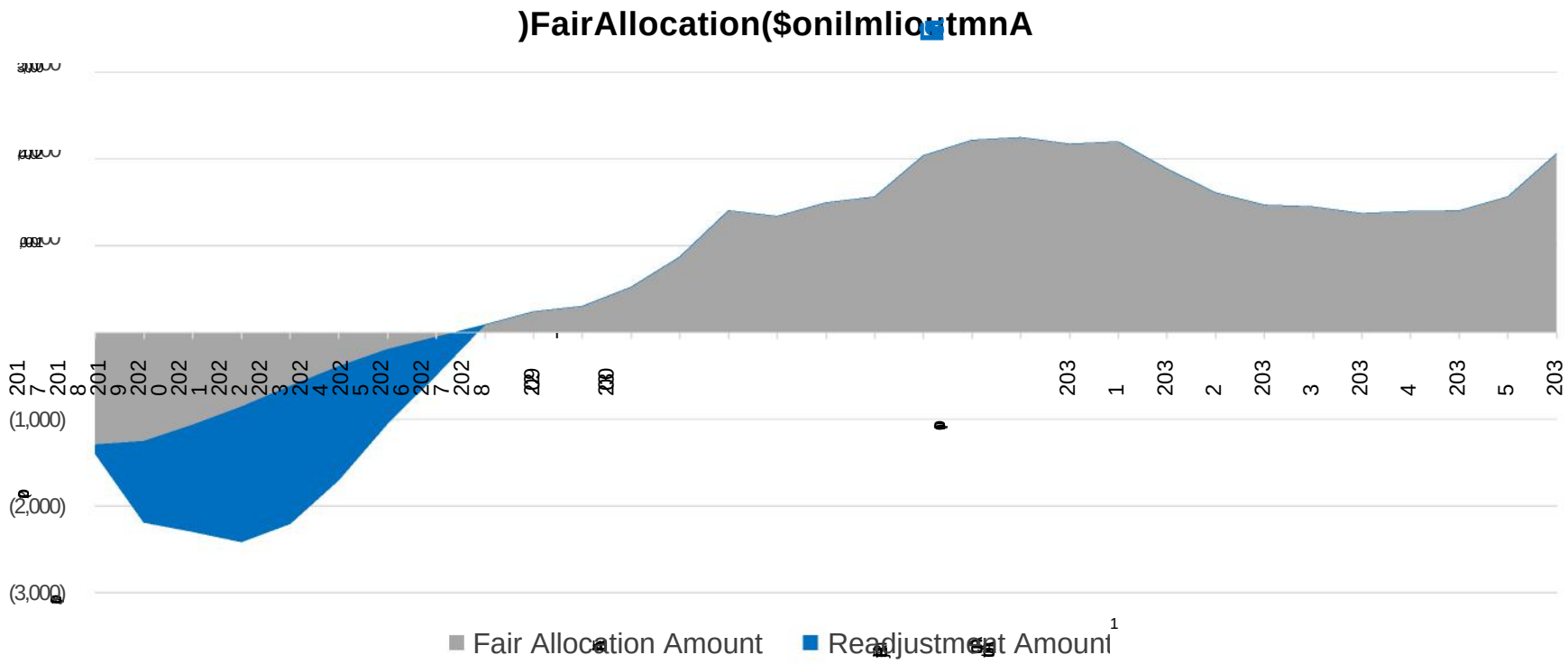

IV. Contractual Framework

Simplified Contractual Structure

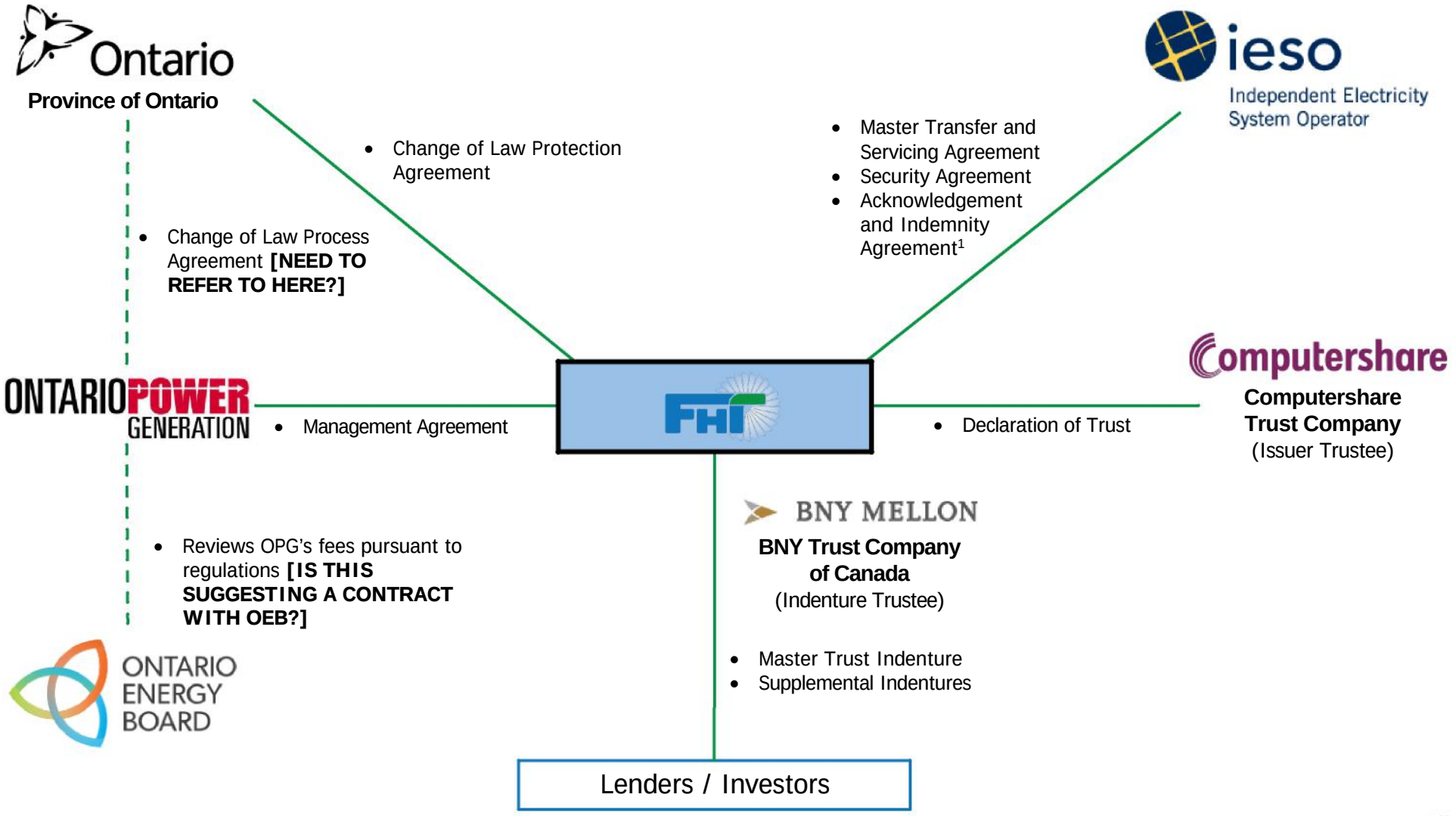

[1] Agreement between IESO and Indenture Trustee.

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee, as trustee for Specified Creditors[1], and (3) OPG as Financial Services Manager (FSM) and as Manager
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event referred to below, the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding **[CONFORM]** • **Limited Guarantee**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable (subject to limits on payment obligations following an acceleration) • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called "Approved Obligations") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other [Program Breach] or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a change of law process agreement between OPG and the Province. Any new funding obligations that are incurred during a suspension period will not have the benefit of the Limited Guarantee, except that the Change of Law Protection Agreement applies to Post-Suspension Refinancing of previously issued Pre-Approved Refinancing

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events: **[CONFORM TO OM]**

(1)

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "Regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

(2)

- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to [the Trust] of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest and describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the regulations **[DISTINGUISH MTSA FROM REGNS?]**, including collecting CEA amounts from Electricity Vendors and remitting the same to the [Trust], including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause Electricity Vendors to do the same; – Collect CEAs from Electricity Vendors; – Remit CEAs monthly to [the Trust] (unless downgraded below investment grade in which case it will remit daily); – Prepare monthly servicer reports; and – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements (cont'd)

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, as trustee for Specified Creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – [Paying taxes on behalf of the Trust]**[CONFIRM OPG'S OBLIGATION RE TAX]** • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests **[OR IS THIS THE FSM?]** • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulations to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated substantially all of [the powers and] **[CONFIRM]** duties of managing the Trust to OPG under the Management Agreement

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	☐		
Determination of CEA for a Reference Period, including the True-Up Amount	☐		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	☐		
Management of Ongoing Debt Issuances	☐		
Cash Management	☐	☐	
Preparation of Monthly Servicer Reports		☐	
Remittance of CEA to IESO and to the Trust		☐	☐
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		☐	☐
Customer Billing			☐
Customer Collections			☐
Customer Meter Reading			☐

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program, as the initial FSM appointed under the Act
- Given the size (~[$20]**[CONFIRM]** billion) and longevity (~[10]**[CONFIRM]** years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Initial Warehouse financing (ABCP conduit and bank funded senior debt) and subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly [Regulatory Asset purchases] from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- For example, Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Initial Warehouse	• ABCP conduit and bank funded senior debt and subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated debt and junior subordinated debt funded by OPG • Both Canadian term debt [and U.S. term debt market will be considered] **[CONFIRM]** • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) [DESCRIBE POSSIBLE REFINANCINGS OF SHORTER MATURING DEBT?]
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall **[principal only?]**)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be **[INCURRENCE OR MAINTENANCE REQUIREMENT?]** purchased by OPG, primarily funded by equity injections from the Province (44% of the 49%)

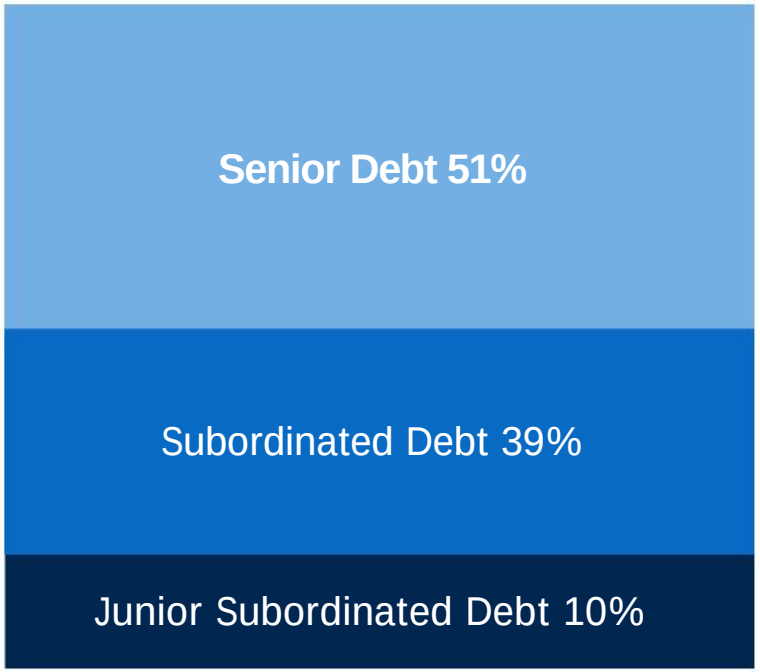

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% Subordinated Debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount **[REPAYMENTS, BUT NOT INCURRENCES]** and the [Province's electricity bill reduction targets **[CAN THIS BE SUGGESTED? KNOWN?]**, the following debt profile for the program is expected, peaking at just under $20 billion by 2029 **[CONFIRM]**
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which are expected to mature over a period after 2029 **[CONFIRM. CONSIDER REFINANCING OF SHORTER MATURITIES?]**

Illustrative Aggregate Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

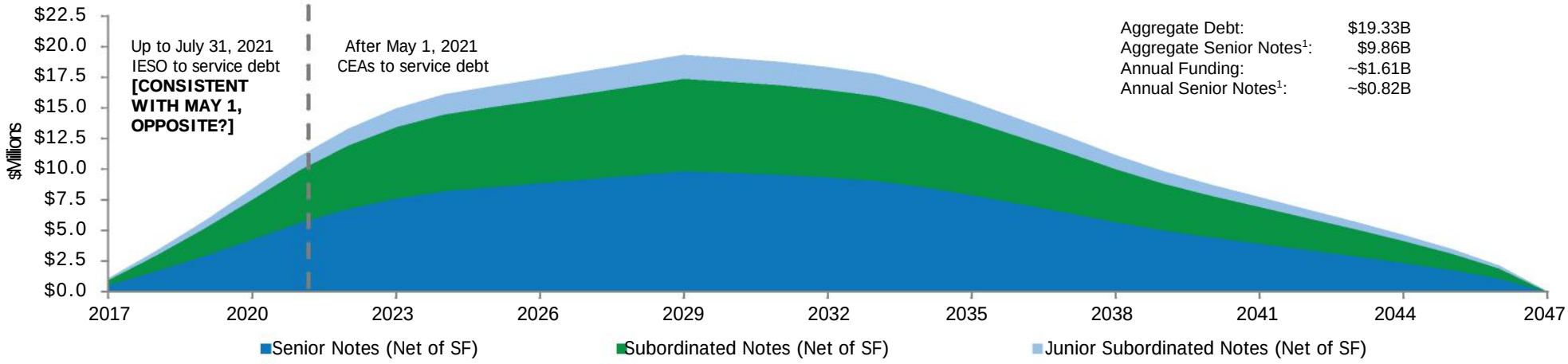

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill **[CAN THIS BE SUGGESTED? KNOWN?]**
- Max CEA as a percent of the total bill is forecast to be 10.1% **[KNOWN? ASSUMPTIONS?]**
- Average CEA as a percent of the total bill is forecast to be 6.9% **[SAME?]**

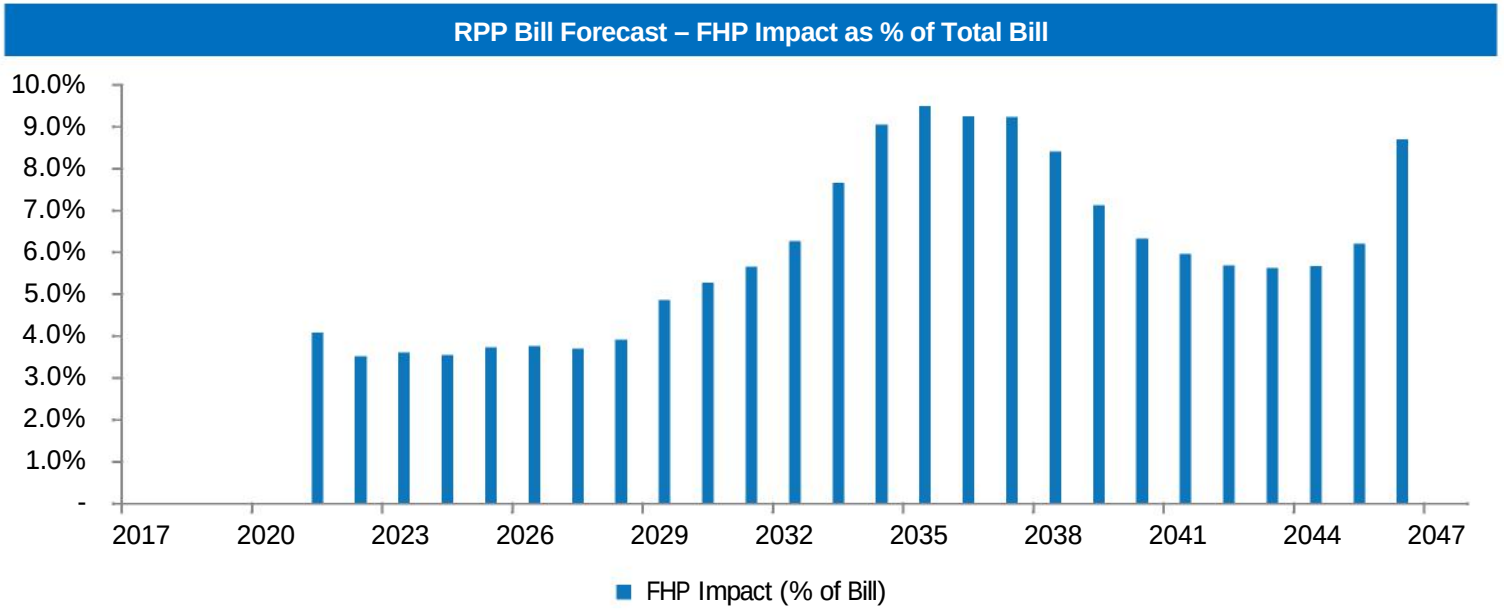

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments, including: – Note issuances under supplemental indentures – Borrowings under future credit agreements – Sales of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations – (i) senior – (ii) subordinated – (iii) junior subordinated
Events of Default	• Include payment defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped under the Regulation at the otherwise scheduled amounts, plus an additional amount if the aggregate of those otherwise scheduled amounts would be less than the FAA for the period • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness. Accordingly, the subordination of debt across all series of debt should advance the repayment of the principal amount for senior funding obligations • After an acceleration, all **[CONFIRM. CAN A SERIES ELECT TO DEFER PAYMENT ON ACCELERATION?]** Senior Term Notes will be paid pari passu

Waterfall

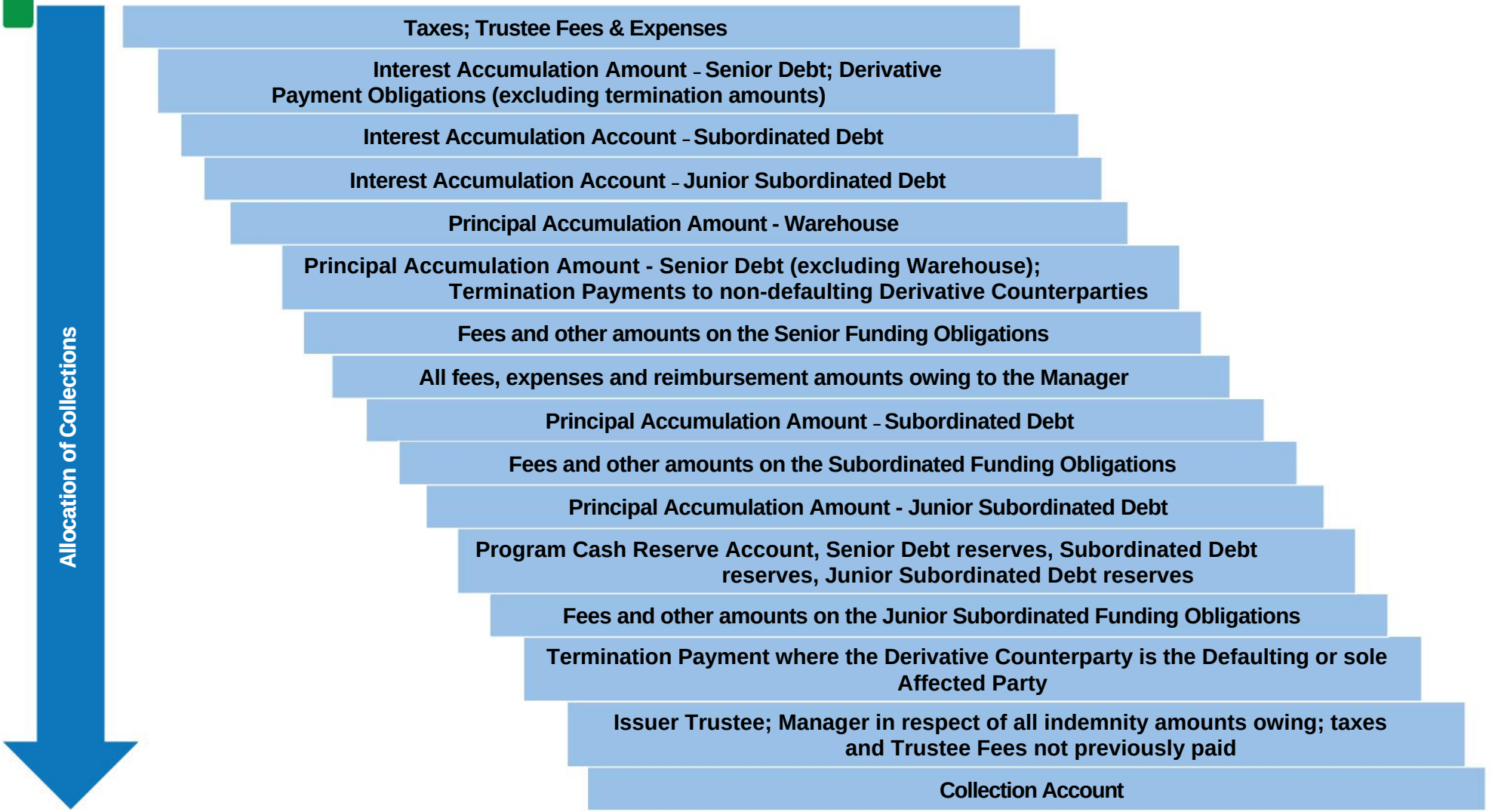

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.

Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Term Issuance	~~Class~~	~~Size~~	~~% of Trust~~	Expected Maturity	Principal Payment Default Date	Rating (DBRS / Moody's)
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA (sf) / Aa2 (sf)
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
ssuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances (not including principal) from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from certain residential and commercial customers in Ontario, related collections and reserve accounts (After May 1, 2021)					
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	Principal Accumulation Date ● , 20●			Principal Accumulation Amount $●		
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual (or more frequent) True-up • Reserve Account • Subordination					
Program Cash Reserve Account	After Moratorium period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post-moratorium period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					
Additional Issuance	Master Trust Indenture allows for the issuance of additional notes subject to satisfaction of Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in the Indenture Trustee for lenders/investors in these circumstances
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True up mechanism may result in a delay, but will be corrected in next True up **[FREQUENCY?]** • Cash reserve and 35%-49% subordination which would first absorb any shortfalls **[Maintenance vs Incurrence?]** • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• During the Moratorium Period, the Trust is dependent on the IESO to pay for all Carrying Costs **[SUGGESTS THAT IESO WILL PAY; NOT PROVIDE CASH FOR TRUST TO PAY]** • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and [very low losses] **[ANY? SOCIALIZED?]** and grants security over all of its accounts receivables as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	**[SENSITIVE??]** • 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill is forecast to be ~10% **[KNOWN? CONFIRM?]**

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & [non-bypassable] **[CLARIFY?]** rate payer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers (Joint and Several Liability)
- Robust true-up mechanism **[IF THIS IS COMPARING TO A PRECEDENT DEAL, THEN SHOULD INDICATE THAT COMPARISON]**
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory **[MEANING?]**
- No large user industrial risk exposure **[MEANING?]**

From:	ASHBOURNE, STEPHEN
To:	Ken Kandeepan; "Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); VINER, JON
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Tuesday, January 09, 2018 9:26:26 AM
Attachments:	Fair Hydro OM - Comments.pdf

Hi. Here is a list of items that could be discussed at 9:30, in order to settle on the scope and nature of commenting on the OM:

MOE – Alignment Considerations

1. Simplified references to the OFHPA (general caveat)
2. Scope of descriptions (generally, should be …subject to the OFHPA and the Regulations)
3. "purposes" of the OFHPA (e.g., implies that is rate reduction)
4. Nature and duration of the "moratorium period" (non-legislative)
5. Trust vs. "financing entity" (permit multiple FEs and co-ownership arrangements – minimally described)
6. "Fair Allocation Amount" – amount vs. effect of calculation (imprecise); concept of "Readjustments" missing
7. Financing Plan – refinements (e.g., references to Refinancings)
8. Expectations re FAA – negative until 2024
9. "Ontario's Fair Allocation Plan" – styling
10. OPG appointment as FSM (initial only – ability for Minister to replace)
11. Inclusions into IESO deferrals (precision)
12. Carrying costs vs funding rebates (impact on nature of Investment Asset)???
13. No reference to pre-OFHPA adjustments (piggy bank)
14. Risk Factors – approach to describing legal risks and Protection Agreement as mitigation
15. Technical definitions and descriptions (e.g., carrying costs; forecasts from IESO rather than forecast information; invoicing mechanics; simplifications of definitions; etc.)
16. Limited discussion re contents of "Financing Plan"
17. No real recognition of tail risk and duration mismatch considerations and mitigants/strategies
18. No discussion re OFHPA rights of action, etc.
19. "non-bypassable" (meaning)

OFA - Change of Law Protection Agreement

1. Narrative (e.g., “in favour of the Issuer”)
2. Notes do not constitute debt of Province, etc. (confirm description) – additional considerations?
3. Scope of “Approved Obligations” (overbroad)
4. Positive obligations in favour of Province (e.g., apply amounts; credit for applied amounts)
5. Definition of “Protection Events” (align)
6. Rights of Subrogation (needs to be more detailed)
7. Mechanics of Protection Account
8. Limited direct rights of Noteholders (through indenture trustee)
9. Limitations on damages
10. Only passing reference to the “Process Agreement” in OM (but referred to in more detail in the Investor Presentation)

<u>Other</u>

1. Confidentiality (deemed vs. confirmed in writing)
2. Liability for Taxes (priority claim in waterfall; impact on triggers)
3. IESO - descriptions
4. Electricity Market; OEB; OPG
5. Platform (e.g., very broad cross default – beyond generic risk factors?)
6. Interplay between Warehouse and Term issuances
7. Description of 2018 Notes
8. Optional Redemption of Notes (confirm if applicable/acceptable)

FYI, attached is our internal (preliminary) mark-up of the OM. It should not be on-circulated at this stage. We are providing it now in case you would find it useful to have specified illustrations of the foregoing items.

Regards, Steve

Stephen R. Ashbourne
Partner
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Blakes

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The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, ~~Ontario Power Generation Inc. ("**OPG**")~~OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~ obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Risk Factors"*.

[1] **Note:** Blakes suggests that that this narrative be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.

[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with

liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO ..... ~~15~~17
ONTARIO'S FAIR HYDRO PLAN 18
CHANGE OF LAW PROTECTION AGREEMENT ..... ~~24~~18
THE ISSUER ..... ~~27~~18
THE MANAGER ..... ~~29~~18
SUBORDINATED DEBT ..... ~~32~~18
SHORT TERM INDEBTEDNESS ..... ~~33~~18
THE TRANSFEROR AND SERVICER ..... ~~34~~18
CREDIT RATINGS ..... ~~36~~18
RATING AGENCY CONDITION ..... ~~36~~18
CAPITAL MARKETS PLATFORM ..... ~~37~~18
DESCRIPTION OF NOTES ..... ~~60~~18
DEPOSITORY SERVICES ..... ~~63~~18
PLAN OF DISTRIBUTION ..... ~~64~~18
RISK FACTORS ..... ~~65~~18
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS ..... ~~77~~18
LANGUAGE OF DOCUMENTS ..... ~~81~~18
RESTRICTIONS ON RESALE ..... ~~81~~18
REPORTING REQUIREMENTS ..... ~~82~~18
STATUTORY RIGHTS OF ACTION ..... ~~82~~18
INDENTURE TRUSTEE ..... ~~93~~18
LEGAL MATTERS ..... ~~93~~18
GLOSSARY ..... ~~94~~18
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES ..... ~~106~~18
EXHIBIT 1 – INVESTOR PRESENTATION ..... ~~107~~18

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"* and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"* and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Ontario's Fair Hydro Plan:	On March 2, 2017, the Province of Ontario announced its Fair Hydro Plan, proposing to lower the average electricity bill for certain eligible customers.[3] On June 1, 2017, the Ontario government passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**")[, legislation that [reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms)].[4] From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[~~1~~5] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations.[6] The Issuer is a Financing Entity under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the

[3] **Note:** Blakes suggest this narrative is removed. The March 2 announcement describes the lowering of electricity bills as part of a significant system restructuring to address long-standing policy challenges and ensure greater fairness.

[4] **Note:** Blakes suggests that that this narrative be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.

[~~1~~5] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[6] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

"**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.

Transferor and Servicer:

The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.

Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**")~~.~~, although the IESO is not entitled to exercise this right before May 1, 2021. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.

Investment Interest:

Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the ~~right~~rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager ~~and will be converted by the OEB into a $/kWh rate and added to the electricity invoices sent to~~based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment ~~is an amount~~will be determined by the Financial Services Manager for each month in a Reference Period ~~(which is generally a six month period, subject to more frequent determinations in certain circumstances)~~ and consists of the sum (without duplication) of: (i) the estimated Finance Amount in

respect of the Reference Period, which ~~includes all financing and other expenses of the Issuer for~~will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is ~~comprised of~~required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods ~~plus other anticipated shortfalls.~~ .

The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption ~~and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not ~~be~~been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for ~~such~~a Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other carrying costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][7]

Non-bypassability: The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is

[7] **Note:** Blakes suggests that this narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, ~~2021,~~2021,[8] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its carrying costs. Under the Regulations, "carrying costs" include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[9]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs. The amounts paid by the IESO to fund these carrying costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated

[8] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[9] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment ~~after such time shall~~for a period will be determined without regard to the fact that such amount has become ~~immediately~~ due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors.

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed ~~in $/~~as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment ~~in respect of the relevant period of time~~ as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast ~~provided by the IESO~~ of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment ~~commencing May 1, 2021,~~ as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][10], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][11] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[12] If an Electricity Vendor does not receive payment in full of an invoice issued to a

[10] **Note:** This and similar references to the Issuer should instead refer to Investment Interest owners, of which the issuer is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.
[11] **Note:** Please see note 10.
[12] **Note:** Please see note 10.

Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[13] It is a deemed condition of their distribution license that Electricity Vendors comply with the FHPA.[14]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See *"The Manager"*.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management

[13] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.
[14] **Note:** Please confirm.

and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][15], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][16] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including ~~forecasting~~providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][17] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the ~~Issuer and the~~ Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" ~~under~~when due and payable into the ~~Change of Law~~ Protection ~~Agreement and which~~Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of ~~the~~ Notes). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years ~~and which~~that are not terminable by the Issuer on less than

[15] **Note:** Please see note 10 regarding bracketed references to the "Issuer" in this paragraph..

[16] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

[17] **Note:** Please confirm.

three years' notice ~~and on payment~~under which the Manager, acting reasonably, expects aggregate payments by the Issuer ~~of~~during the term of the contract in an amount equal to or ~~less~~greater than $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the ~~Province of Ontario~~Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or ~~any~~an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (a) to (e) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts ~~in respect of Approved Obligations, including the Senior Notes, the~~when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have ~~a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations

under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant ~~or representation of OPG~~, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions ~~having~~have been taken by or on behalf of the Indenture Trustee to remove the Financial

Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall ~~cease to~~not apply ~~only~~ in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer~~, in each case following delivery of a Suspension Notice~~.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension ~~if~~that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**") in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[18]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities ~~and having~~for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of

[18] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

providing Clean Energy Benefits].[19] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

[Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.] [20] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

Use of Proceeds:

The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related

[19] **Note:** Please revise to characterize the purpose of the FHPA as consistent with the stated purposes of the FHPA in Section 3 of the Act.
[20] **Note to MOE:** Please review in particular.

	costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of carrying costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay carrying costs after April 2021 to the extent that funds can be so

applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;

- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private

	contract. Any Senior Notes so purchased shall be cancelled.
Distribution Method:	The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost

half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of Electricity Vendors.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with

the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:

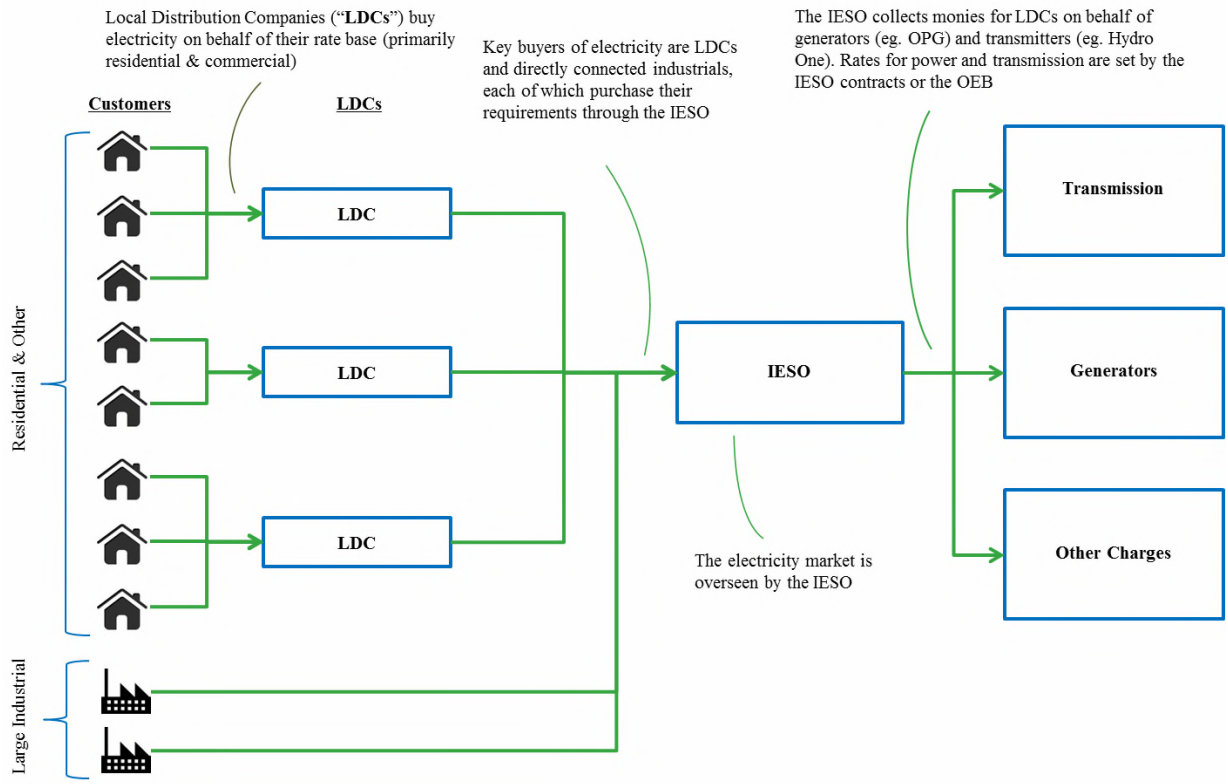

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the hourly Ontario energy price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO on an hourly basis based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is also paid by loads. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts

with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all loads with a peak demand under 500 kW (in other words, all Specified Consumers), the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices for residential and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in the previous period. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][21]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[22] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming

[21] **Note:** Blakes suggests that this narrative is removed, or if necessary, that the description of the FHPA tracks the purposes of the Act as set out in Section 3 to the Act.

[22] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one ~~of~~or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[23] The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**")~~.~~, although the IESO is not entitled to exercise such right before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover ~~all~~ its "Finance Amounts" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and the

[23] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

~~Issuer~~Financing Entity's interest therein, an "**Investment Interest**"). The Investment ~~Interest consists of,~~ Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[24]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers to cover the cost of financing the shortfall that results from the Fair Adjustment. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a ~~Reference Period~~period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the ~~Reference Period~~period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the ~~Reference Period~~period;

[24] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this described explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be merited here.

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the ~~Reference Period~~period;

(iv) payments required to be made in respect of any derivative agreements during the ~~Reference Period~~period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) ~~fees~~Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the ~~Reference Period; and~~period;

(vii) taxes paid or payable by ~~the Issuer~~or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that ~~are paid or~~ payable during the ~~Reference Period;~~period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the ~~Reference Period~~period;

(ii) for any period before May 1, 2021, amounts received during the ~~Reference Period in respect of funding rebates~~period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the ~~Reference Period~~period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the ~~Reference Period~~period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the ~~Reference Period~~period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax ~~during the Reference Period~~and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (~~a~~b) from the sum calculated under (~~b~~a).

~~The Clean Energy Adjustment will also take into account a true-up comprised of~~In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment ~~plus other anticipated shortfalls (the "**True-up Amount**")~~during the preceding Reference Periods. The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption ~~and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. ~~After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly.~~ The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a ~~$/~~cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment ~~in respect of the relevant period of time~~ provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption ~~provided by the IESO~~ of Specified ~~Consumers~~Creditors in respect of ~~the period~~such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[25] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[26] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[27] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other carrying costs, will be the amounts the IESO is

[25] **Note:** Please see note 10 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).
[26] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.
[27] **Note:** Please confirm.

obligated to pay under the Regulations during such period.][28] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

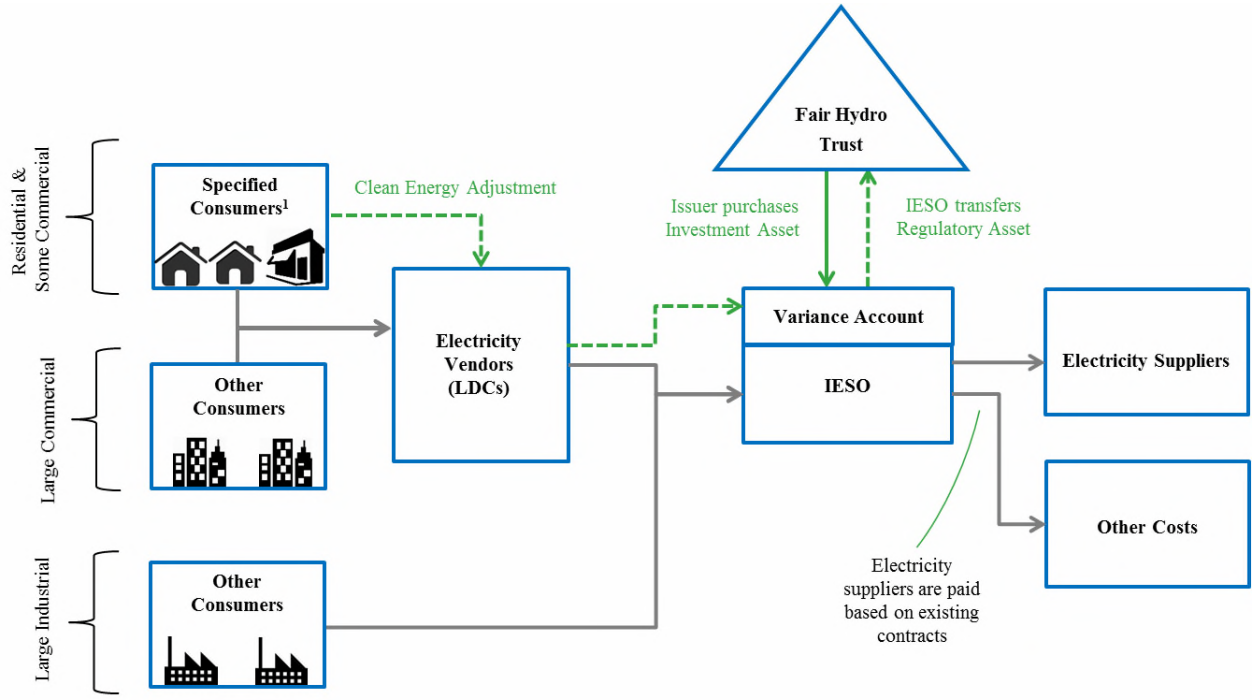

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[29] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of ~~any~~the first Funding ~~Obligations and the~~Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the

[28] **Note:** Blakes suggests that this narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

[29] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits][30]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

[Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][31] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[32] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its "carrying costs". "Carrying costs" include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[33] The amounts paid by the IESO to fund these carrying costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See "*The Transferor and Servicer*". The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts

[30] Blakes suggest that any description of the purpose of the FHPA strictly conforms with the stated purposes of the Act set out in Section 3.
[31] **Note to MOE:** Please review.
[32] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.
[33] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the ~~Ontario government~~Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of ~~the Issuer and~~ the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**". The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the ~~Province of Ontario~~Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or ~~any~~an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (a) to (e) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

~~The priority of payments made~~

On a Protection Event and payment by the Province of Ontario ~~under the Change of Law Protection Agreement is governed by the Master Trust Indenture. Upon paying amounts in respect of the Approved Obligations, the Province of Ontario will have a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and

interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a suspension notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any ~~refinancing of a Certified Primary Obligation~~Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation

that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a ~~refinancing~~Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such ~~refinancing~~Refinancing.

A "**Pre-Approved Refinancing**" means a ~~refinancing~~Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document ~~to which the Limited Guarantee applies and~~ which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

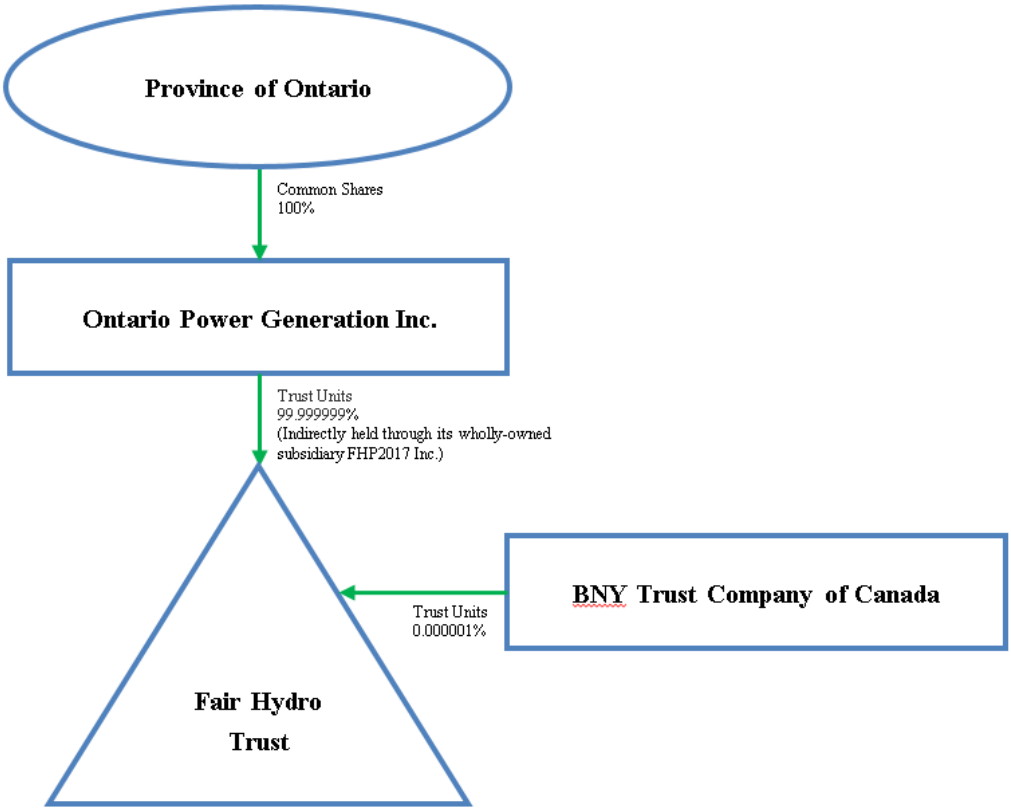

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the

detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations,[34] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean

[34] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors – Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program

Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or carrying costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

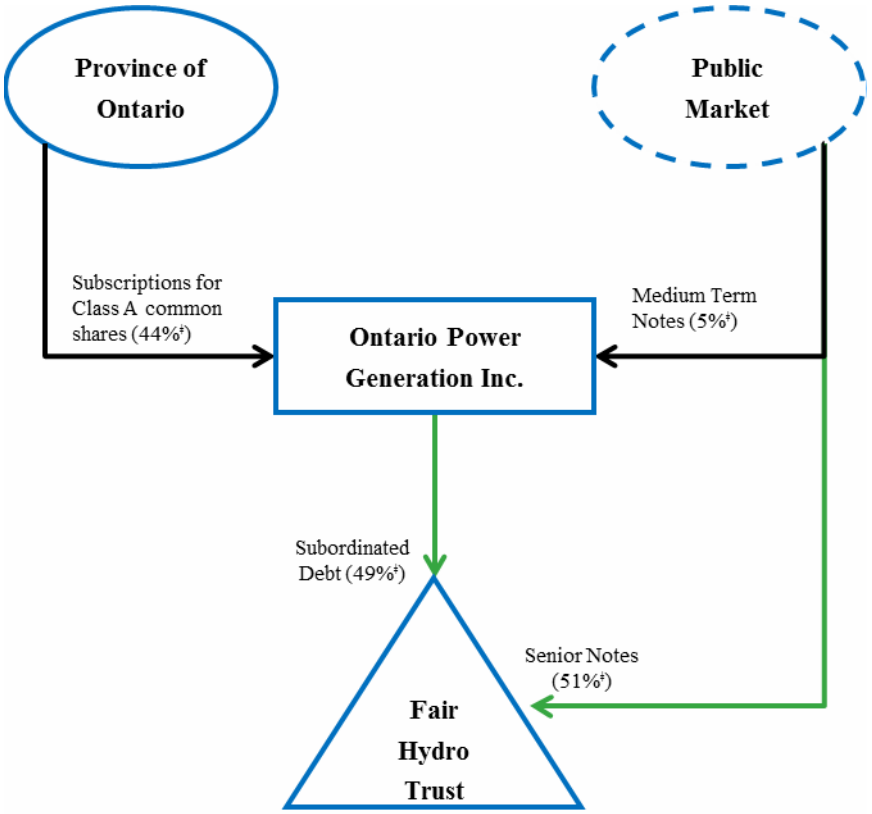

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer,

the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[35] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's carrying costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its carrying costs. Under the Regulations "carrying costs" include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[36] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs.

As security for the performance of its obligation to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these carrying costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

[35] **Note:** Please confirm.

[36] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, *"— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and

will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described

below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without

preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has an been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the ~~Collection~~Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. ~~All~~On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario ~~pursuant to~~under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the

sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will not be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the

number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of

interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the

Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in the any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may

only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel of external counsel, each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably

expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;
- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;
- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;
- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;
- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;
- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;
- facilitate the issuance of foreign currency Issuer Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or
- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;
- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or
- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;
- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;
- a reduction in the amount of a discount note payable upon its acceleration;
- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;
- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;
- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or
- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;
- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;
- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;
- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;
- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;
- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the

exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of

such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding*

Obligations". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;
- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and
- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed

(provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee

by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit ~~were successful, it would likely be a Protection Event and the provisions of the Change of Law Protection Agreement would apply. See *"Change of Law Protection Agreement"*. If such successful lawsuit was not, however, a Protection Event~~was

successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the ~~Province of Ontario~~Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or revoked. Therefore, the only way for such provisions of the FHPA to be amended or revoked would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment or revocation. Any such action that materially and adversely ~~effects~~affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay ~~its obligations under the Senior Notes~~Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available. Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the

Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other carrying costs, solely upon the IESO who is obligated under the Regulations to pay these carrying costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's carrying costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which can be used to pay the Issuer's carrying costs. ***[NTD: IESO credit facility description to be confirmed.]*** There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other carrying costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other carrying costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of carrying costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of carrying costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and

the Issuer must rely for payment of all of its other carrying costs, solely upon the IESO who is obligated under the Regulations to pay these carrying costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. ~~However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.~~

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[37]

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating

[37] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the ~~FHPA~~Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[38] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to

[38] **Note:** Please confirm.

terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[39] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

[39] **Note:** Please confirm source/ conform to wording in FHPA.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these

provisions of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantee of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may

only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations

and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the

acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements

of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable

securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable

grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after

the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward

Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

(i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

(ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

(i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

(ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf

offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to

contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under "*Capital Markets Platform — Security — Issuer Accounts*".

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act*

(Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether Funding Obligations should be incurred for the purposes of acquiring Investment Interests, including any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from

and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer,

and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indentures and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices.*

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment

Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied

for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amount**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

information: Superintendent of Securities

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on Monday, January 08, 2018 8:40:27 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23287504/1
Description	TOR_2528-#23287504-v1-Fair_Hydro_OM_-_Blakes_Comments
Document 2 ID	PowerDocs://TOR_2528/23287504/2
Description	TOR_2528-#23287504-v2-Fair_Hydro_OM_-_Blakes_Comments
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	343
Deletions	154
Moved from	6
Moved to	6
Style change	0
Format changed	0
Total changes	509

From: Ronald Kwan
To: Anna Strathy; Ken Kandeepan; Mike Manning
Subject: RE: Call re Delivery of Reference Documentation to Province
Date: Tuesday, January 09, 2018 9:25:19 AM

Hi,

In advance of the call, would one of you be able to send me a copy of the materials from last week.

Thanks,

Ron

_____

From: Anna Strathy
Sent: January-09-18 08:53
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Call re Delivery of Reference Documentation to Province

Good morning Toby and happy New Year!

Unfortunately, I have a conflict at this time, so I won't be on the call. I'll get the debrief from someone from the OFA on the call.

Thanks, Anna

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, January 08, 2018 1:57 PM
To: Whitfield, Tobias P. (MOF); Ken Kandeepan; Mike Manning; Thouin, Alena (ENERGY); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: Tuesday, January 09, 2018 9:30 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference

Conference line:

Number: 416-212-8012

Toll Free: 1-866-633-0848

Participant Passcode: 5801207#

_____

From: Whitfield, Tobias P. (MOF)
Sent: January 8, 2018 12:36 PM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: RE: Call re Delivery of Reference Documentation to Province

We were wondering if this group might be available to discuss the documents that we received from OPG on Friday, perhaps at 9:30 or 10 am tomorrow morning?

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: January 5, 2018 10:44 AM
To: Whitfield, Tobias P. (MOF); 'Ken Kandeepan'; Manning, Mike (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy,

Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject: Call re Delivery of Reference Documentation to Province
When: January 5, 2018 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Telephone

Please see below teleconference information for call at 3.

Number: 416-212-8012

Toll Free: 1-866-633-0848

Participant Passcode: 5801207#

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: January 5, 2018 10:18 AM

To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)

Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----

From: Mike Manning

Sent: Friday, January 05, 2018 10:08 AM

To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.

Mike

-----Original Message-----

From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]

Sent: Friday, January 05, 2018 10:03 AM

To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_jA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is

inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
_____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a

plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA

LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; "ASHBOURNE, STEPHEN"; Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF); Mike Manning; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); VINER, JON
Subject:	RE: Call re Delivery of Reference Documentation to Province
Date:	Friday, January 12, 2018 9:34:45 AM

Hi,

MOF LSB doesn't have any further comments on the mark-up. I understand that MOE was reviewing the mark-up yesterday. Do we have an estimated time when the comments will be sent to OPG?

Thanks,

Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January 11, 2018 10:51 AM
To: 'ASHBOURNE, STEPHEN'; Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Hanslep, Malle (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY); Veinot, Cindy (TBS); Donaldson, Mark (TBS)
Cc: Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY); Rehob, James (ENERGY); VINER, JON
Subject: RE: Call re Delivery of Reference Documentation to Province

Hi all

From the perspective of both Mike and I the comments and edits are very factual and should not pose any issues to OPG or the Trust should they choose to accept them. If others are of the same opinion, I suggest that either MOF or MOE Legal forward the marked up version to Torys with cc's to the usual suspects.

Thanks

Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Wednesday, January 10, 2018 2:53 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; VINER, JON <JON.VINER@blakes.com>

Subject: RE: Call re Delivery of Reference Documentation to Province

Oops. This time with the revisions.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

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From: ASHBOURNE, STEPHEN
Sent: Wednesday, January 10, 2018 2:51 PM
To: 'Ken Kandeepan'; 'Thouin, Alena (ENERGY)'; 'Tobias P. Whitfield (MOF)'; 'Mike Manning'; 'Malle Hanslep (MOF)'; 'Anna Strathy'; 'Ronald Kwan'; 'Tim Christie (ENERGY)'; 'Veinot, Cindy (TBS)'; 'Mark Donaldson (MOF)'
Cc: 'Sawwaf, Khareem (ENERGY)'; 'Huang, Jackson (MEDG/MRIS)'; 'Daniel Cayley (ENERGY)'; 'Lightbody, Ava (ENERGY)'; 'James Rehob (ENERGY)'; VINER, JON
Subject: RE: Call re Delivery of Reference Documentation to Province

Hi. Here are further revisions to the OM mark-up circulated yesterday, based on comments recently received. This is still a work-in-progress, so please do not on-circulate. Please let us know if you have any questions or concerns. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: ASHBOURNE, STEPHEN
Sent: Tuesday, January 09, 2018 9:26 AM
To: 'Ken Kandeepan'; 'Thouin, Alena (ENERGY)'; 'Tobias P. Whitfield (MOF)'; 'Mike Manning'; 'Malle

Hanslep (MOF)'; 'Anna Strathy'; 'Ronald Kwan'; 'Tim Christie (ENERGY)'; 'Veinot, Cindy (TBS)'; 'Mark Donaldson (MOF)'
Cc: 'Sawwaf, Khareem (ENERGY)'; 'Huang, Jackson (MEDG/MRIS)'; 'Daniel Cayley (ENERGY)'; 'Lightbody, Ava (ENERGY)'; 'James Rehob (ENERGY)'; VINER, JON
Subject: RE: Call re Delivery of Reference Documentation to Province

Hi. Here is a list of items that could be discussed at 9:30, in order to settle on the scope and nature of commenting on the OM:

MOE – Alignment Considerations

1. Simplified references to the OFHPA (general caveat)
2. Scope of descriptions (generally, should be …subject to the OFHPA and the Regulations)
3. "purposes" of the OFHPA (e.g., implies that is rate reduction)
4. Nature and duration of the "moratorium period" (non-legislative)
5. Trust vs. "financing entity" (permit multiple FEs and co-ownership arrangements – minimally described)
6. "Fair Allocation Amount" – amount vs. effect of calculation (imprecise); concept of "Readjustments" missing
7. Financing Plan – refinements (e.g., references to Refinancings)
8. Expectations re FAA – negative until 2024
9. "Ontario's Fair Allocation Plan" – styling
10. OPG appointment as FSM (initial only – ability for Minister to replace)
11. Inclusions into IESO deferrals (precision)
12. Carrying costs vs funding rebates (impact on nature of Investment Asset)???
13. No reference to pre-OFHPA adjustments (piggy bank)
14. Risk Factors – approach to describing legal risks and Protection Agreement as mitigation
15. Technical definitions and descriptions (e.g., carrying costs; forecasts from IESO rather than forecast information; invoicing mechanics; simplifications of definitions; etc.)
16. Limited discussion re contents of "Financing Plan"
17. No real recognition of tail risk and duration mismatch considerations and mitigants/strategies
18. No discussion re OFHPA rights of action, etc.
19. "non-bypassable" (meaning)

OFA - Change of Law Protection Agreement

1. Narrative (e.g., "in favour of the Issuer")
2. Notes do not constitute debt of Province, etc. (confirm description) – additional considerations?

3. Scope of “Approved Obligations” (overbroad)

4. Positive obligations in favour of Province (e.g., apply amounts; credit for applied amounts)

5. Definition of “Protection Events” (align)

6. Rights of Subrogation (needs to be more detailed)

7. Mechanics of Protection Account

8. Limited direct rights of Noteholders (through indenture trustee)

9. Limitations on damages

10. Only passing reference to the “Process Agreement” in OM (but referred to in more detail in the Investor Presentation)

Other

1. Confidentiality (deemed vs. confirmed in writing)

2. Liability for Taxes (priority claim in waterfall; impact on triggers)

3. IESO - descriptions

4. Electricity Market; OEB; OPG

5. Platform (e.g., very broad cross default – beyond generic risk factors?)

6. Interplay between Warehouse and Term issuances

7. Description of 2018 Notes

8. Optional Redemption of Notes (confirm if applicable/acceptable)

FYI, attached is our internal (preliminary) mark-up of the OM. It should not be on-circulated at this stage. We are providing it now in case you would find it useful to have specified illustrations of the foregoing items.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Saulnier, Brett
To: Ronald Kwan
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)
Date: Tuesday, January 09, 2018 6:46:14 PM

Will do, Ron.

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
-----Original Message-----
From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January-09-18 9:53 AM
To: Saulnier, Brett <bsaulnier@torys.com>
Cc: 'john.s.lee@opg.com' <john.s.lee@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)

Hi Brett,

In future distributions of these documents, please include me.

Thanks,
Ron

-----Original Message-----
From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: January-05-18 17:42
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Scott Thompson (CAB) <Scott.Thompson@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)

Email 2/6: Investor Presentation and Term Sheet

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 5:13 PM

To: Mansoori, Nina <nmansoori@torys.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Re: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Hi Nina

I am having trouble receiving the email with the attachments because the attachments are large. Is it possible for you to resend the attachments in separate emails? Sorry about that and would appreciate it so I can review.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Mansoori, Nina

Sent: Friday, January 5, 2018 17:04

To: Mayman, Gadi (OFA); Thompson, Scott (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); McLean, David (MOF); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: 'John Lee (john.s.lee@opg.com)'; 'Ken Ryfa (ken.ryfa@opg.com)'; 'WONG Leslie -LAWDIV'; LADAK Lubna -TREASURY; Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Dost, Mitchell; Olusoga, Yinka

Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

All – just to clarify - we appreciate the Province will be reviewing the draft OM and may have comments on the disclosure which we would be happy to discuss once you have had a chance to review. Thanks,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=s_m0PjvP6QREtQi-GHSrNGj6yZt232IfTen_5GV0Xk4&s=LPvwxfL-PTO7E_aUvKDFt6-OIokUaLi1J5XXUYfaDHw&e= >

[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=s_m0PjvP6QREtQi-GHSrNGj6yZt232IfTen_5GV0Xk4&s=LPvwxfL-PTO7E_aUvKDFt6-OIokUaLi1J5XXUYfaDHw&e= >

From: Mansoori, Nina

Sent: January-05-18 4:55 PM

To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Scott.Thompson@ontario.ca' <Scott.Thompson@ontario.ca>; 'Anna.Strathy@ofina.on.ca' <Anna.Strathy@ofina.on.ca>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; 'David.McLean@ontario.ca' <David.McLean@ontario.ca>; 'Jonathan.Tekle@ontario.ca' <Jonathan.Tekle@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'Ken.Kandeepan@ofina.on.ca' <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; 'tim.christine@ontario.ca' <tim.christine@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Importance: High

All,

Reference is made to the Change of Law Process Agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the Province") and Ontario Power Generation Inc. ("OPG") to be dated as of December 21, 2017 (the "Change of Law Process Agreement"). All capitalized terms used and not defined in this email shall have their respective meanings in the Change of Law Process Agreement.

On behalf of OPG, we have hand-delivered today to the Ministers and the Deputy Ministers the forms of Transaction Documents set out in the attached cover letter. For ease of reference, we also attach these documents here and attach blacklines to the last versions of the term supplemental indentures circulated to you. If you would like a blackline of any other Transaction Document, please send us the version you reviewed last.

We consider these forms settled other than:

· There is one change that has been proposed by the dealers, and which is under discussion, that will impact the term supplemental indentures and will necessitate some additional disclosure to the term sheet. The dealers have advised that following a Principal Payment Date (i.e. the date on which all amounts owing under the notes are expected to be repaid in full),

it would be typical for the interest payment dates to accelerate to monthly (instead of semi-annually). Once the dealers and OPG have an opportunity to discuss and come to an agreement on this point next week, the necessary changes to reflect this will be made to the term supplemental indentures and the term sheet

· there are still some bullets in these documents which will be addressed closer to closing (including dates, pricing information and the names of all of the Agents)

· we expect there will be some minor clean up to the OM (including making sure all of our cross-references are correct and that the glossary picks up all defined terms).

Please let us know if you have any questions.

Best Regards,

Nina

P. 416.865.7332

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From:	Ronald Kwan
To:	John Kim; Shajee Kathirgamanathan; Gavin He
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Thursday, January 04, 2018 4:52:23 PM

Thanks John.

Ron

From: John Kim
Sent: January-04-18 2:53 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Pls. take a look.

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Thursday, January 04, 2018 2:51 PM
To: may.lapira@opg.com; john.s.lee@opg.com
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; lubna.ladak@opg.com; ken.ryfa@opg.com; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

May/John,

A couple minor edits on slide 25, layered into the attached comments from other groups.

Thank you,
Graham

From: Talwar, Shruti (ENERGY)
Sent: January-03-18 7:57 PM
To: Sud, Manu (ENERGY); Young, Graham (ENERGY)
Subject: Fwd: Draft Fair Hydro Investor Presentation.

Not sure if you are getting these from others...

Sent from my iPhone

Begin forwarded message:

> **From:** John Kim <John.Kim@ofina.on.ca>
> **Date:** January 4, 2018 at 5:43:25 AM GMT+5:30

To: 'LEE John -TREASURY' <john.s.lee@opg.com>, '"LAURETA LAPIRA May -FIN & C CTRL'" <may.lapira@opg.com>, '"lubna.ladak@opg.com'" <lubna.ladak@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, '"Talwar, Shruti (ENERGY)'" <Shruti.Talwar@ontario.ca>, '"j.hahnparker@opg.com'" <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Attached is with MOF LSB comments consolidated.

From: John Kim
Sent: January-03-18 3:16 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Sorry, forgot to copy Ron….must be the jetlag from my recent trip.

From: John Kim
Sent: Wednesday, January 03, 2018 2:44 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi,

Pls. see attached with our suggested comment additions in red. We are still waiting for comments from MOF Legal, if any.

Thanks,

John

Begin forwarded message:

From: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Date: January 3, 2018 at 10:25:21 AM EST
To: John LEE <john.s.lee@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken - TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
Subject: Re: Draft Fair Hydro Investor Presentation.

Hi,

And we'll have a couple comments as well, and we looped in MOF Legal to take a quick look too.

Thanks,
Ron

On Jan 3, 2018, at 10:15 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Hi John:
> I think Ken caught the main issues on my side as well.
>
> Mike
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Wednesday, January 03, 2018 10:00 AM
> **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken - TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> Hi John
>
> Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.

- Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC
- Page 25 - Change of law Process Agreement; I would add that the PAM is set and updated by the Financing Plan.

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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From: John Kim
To: Ronald Kwan
Subject: RE: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 2:39:19 PM

Sure thing….will send right away. So just turn the greed to red from the last version.

From: Ronald Kwan
Sent: Wednesday, January 03, 2018 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Fwd: Draft Fair Hydro Investor Presentation.

Hi John,

FYI. And would you respond to all, with our suggested comment additions in red attached, noting that we are still waiting for any comments from MOF Legal.

Thanks,
Ron

Begin forwarded message:

> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** January 3, 2018 at 10:25:21 AM EST
> **To:** John LEE <john.s.lee@opg.com>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject: Re: Draft Fair Hydro Investor Presentation.**
>
> Hi,
>
> And we'll have a couple comments as well, and we looped in MOF Legal to take a quick look too.
>
> Thanks,
> Ron
>
> On Jan 3, 2018, at 10:15 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>
> > Hi John:
> > I think Ken caught the main issues on my side as well.
> >
> > Mike

From: Ken Kandeepan
Sent: Wednesday, January 03, 2018 10:00 AM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Hi John

Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.

- Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC
- Page 25 - Change of law Process Agreement; I would add that the PAM is set and updated by the Financing Plan.

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.
The plan is to have another turn of the document in the 1st week in

January. May will have the “pen” from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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From:	John Kim
To:	Ronald Kwan
Cc:	Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 1:14:41 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v06Clean.docx

Thanks Ron. You're right on both.

John

From: Ronald Kwan
Sent: Wednesday, January 03, 2018 12:49 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Draft Fair Hydro Investor Presentation.

Hi John,

I think having Ministry of Energy in the diagrams on slides 7&9 is ok, given the context is different. For the Protection Agreement, the Minister of Finance is also a signatory and provides it as provided for under the ACT and OIC. That's different than the equity injection and oversight role over the agencies and representative of the shareholder roles on the slides 7&9.

Technically, isn't OPG buying the right to the future recovery from specified ratepayers, not a regulatory asset? The regulatory asset is what the IESO can record on its books, which is under its accounting standards. OPG does not acquire the regulatory asset. On buying the right to recovery or those future cash flows, it records that as an investment asset.

Ron

On Jan 3, 2018, at 11:56 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Ron,
>
> Pls. see attached.
>
> Thanks,
>
> John
>
> ---
>
> **From:** Bruno Amara
> **Sent:** Wednesday, January 03, 2018 10:18 AM
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Draft Fair Hydro Investor Presentation.

Yep, thanks. We added that comment. We will send back soon.

Bruno

From: Ronald Kwan
Sent: Wednesday, January 03, 2018 10:02 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: Draft Fair Hydro Investor Presentation.

Oops. That's an OFA facility, of course, not OEFC.

Ron

On Jan 3, 2018, at 7:00 AM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> I had a quick look and added a bit to Energy's table as a start.
>
> Ron
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** January-02-18 11:18 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** FW: Draft Fair Hydro Investor Presentation.
>
> Hi,
>
> FYI on Energy's comments.
>
> Ron
>
> ---
>
> **From:** Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
> **Sent:** January-02-18 3:39 PM
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** FW: Draft Fair Hydro Investor Presentation.
>
> Ron, here are the comments we have sent on the presentation. Do you know when/if Finance will be sending theirs? OPG was asking.
>
> Tim
>
> ---
>
> **From:** Christie, Tim (ENERGY)
> **Sent:** January-02-18 3:39 PM
> **To:** 'LEE John -TREASURY'

Cc: Cayley, Daniel (ENERGY); 'LAURETA LAPIRA May -TREASURY'
Subject: RE: Draft Fair Hydro Investor Presentation.

With the attachment.

From: Christie, Tim (ENERGY)
Sent: January-02-18 3:38 PM
To: 'LEE John -TREASURY'
Cc: Cayley, Daniel (ENERGY); LAURETA LAPIRA May -TREASURY
Subject: RE: Draft Fair Hydro Investor Presentation.

John, here are the comments on the investor presentation.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

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Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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<Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions.docx>

<Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v05Clean.docx>

Fair Hydro Investor Presentation Comments

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From:	John Kim
To:	Ronald Kwan
Cc:	Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 11:56:57 AM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v05Clean.docx

Hi Ron,

Pls. see attached.

Thanks,

John

From: Bruno Amara
Sent: Wednesday, January 03, 2018 10:18 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

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Subject: Re: Draft Fair Hydro Investor Presentation.

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From: Bruno Amara
To: Ronald Kwan; John Kim
Subject: RE: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 10:18:06 AM

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From:	Mike Manning
To:	Ken Kandeepan; "LEE John -TREASURY"
Cc:	LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY; Tim Christie (ENERGY); Ronald Kwan
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 10:15:23 AM

Hi John:
I think Ken caught the main issues on my side as well.

Mike

From: Ken Kandeepan
Sent: Wednesday, January 03, 2018 10:00 AM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
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Thanks

Ken k

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Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
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From:	Ken Kandeepan
To:	"LEE John -TREASURY"
Cc:	Mike Manning; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY; Tim Christie (ENERGY); Ronald Kwan
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 9:59:36 AM

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From:	Hanslep, Malle (MOF)
To:	Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 9:16:33 AM

Hi Ron,

We haven't received this before but will review. Thanks,

Malle

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January 3, 2018 2:28 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Malle, Toby,

Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?

Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.

Thanks, and a Happy New Year to you both.

Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
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From:	Ronald Kwan
To:	John Kim; Bruno Amara
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 7:00:19 AM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions.docx

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Sent: January-02-18 3:39 PM
To: 'LEE John -TREASURY'
Cc: Cayley, Daniel (ENERGY); 'LAURETA LAPIRA May -TREASURY'
Subject: RE: Draft Fair Hydro Investor Presentation.

With the attachment.

From: Christie, Tim (ENERGY)
Sent: January-02-18 3:38 PM
To: 'LEE John -TREASURY'
Cc: Cayley, Daniel (ENERGY); LAURETA LAPIRA May -TREASURY
Subject: RE: Draft Fair Hydro Investor Presentation.

John, here are the comments on the investor presentation.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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Fair Hydro Investor Presentation Comments

Slide #	Reference	Comment
Slide 4	Images	Consider removing the nuclear and large hydro images as the plan only covers costs form renewables procurements, gas and conservation.
Slide 6	First bullet	Suggest using "proxy consumer" instead of "average" in this context, which would be more accurate and consistent with legislation as covered later in the presentation.
Slide 6	Second bullet	Suggest changing “8% rebate in the provincial portion…” to “ 8% rebate equivalent to the provincial portion…”.
Slide 6	Third bullet	Language suggest that bills will increase back to status quo in 2021 – suggest adding language regarding increases back up to and past the status quo over time.
Slide 7	First bullet	Consider replacing the phrase starting from “in an amount…” with “in such an amount that the total OPG-held subordinated debt does not exceed 49% of all outstanding debt”, for clarity.
Slide 11	First bullet	Suggest rewording to the following: “As part of the restructuring of Ontario’s electricity industry under the Energy Competition Act, 1998, the municipal electricity utilities became municipally-owned business corporations, including local distribution companies (“LDCs”).” – Some LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners.”
Slide 14	Second bullet	Consider replacing “previously established regulated rate” with “regulated rate established in the first year of the Rate Reduction Period”.
Slide 14	Last bullet	Similar to comment on Slide 6 above, suggest referencing increases back up to and beyond status quo over time.
Slide 15	Third bullet	Consider adding in the words “in favour of the Trust” at the end of the bullet [IESO Security Agreement]. Also, can we clarify whether the $2 billion credit facility is provided by the OFA or the OEFC? Who is the actual lender?
Slide 15	Last bullet	It’s “Ontario Electricity Financial Corporation” (i.e., not “Financing”). Also, consider rewording so as not to suggest that the $2 billion facility is solely for “carrying costs”. Also, suggest that the last clause on security be a stand-alone bullet, not part of the OEF credit facility bullet.
Slide 16	Second bullet	Consider rephrasing to align better with the offering memorandum and legislation.
Slide 16	Third bullet	Consider adding in the word “mainly” before “in respect of …” [see O.Reg. 206/17 section 5].
Slide 16	Bill image	Consider removing as text description should be sufficient.
Slide 17	Second bullet	Consider replacing the words “dealt with” with “mitigated” to avoid suggesting that the risk is eliminated.

Slide 17	Number 2 in the process chart	Consider adding in the word “amount” at the end [O.Reg. 206/17 section 8(2)].
Slide 17	Number 6 in the process chart	Consider replacing the words “in a trust” with “in trust” [FHPA section 16(3)].
Slide 18	Chart	Consider adding explanation of readjustment amount.
Slide 20	OEB’s relationship with OPG in the diagram	Consider replacing “review of OPG Fees” with “review and approval of OPG Fees” to better align with the language in O. Reg. 206/17. Consider replacing “Management Agreement” with “Regulation”.
Slide 20	IESO’s relationship with the Fair Hydro Trust	Note that the Acknowledgement and Indemnity Agreement is made to the Indenture Trustee. Consider editing to avoid confusion.
Slide 20	Ontario Caption	Suggest just having “Province of Ontario” (i.e., omit “(Ministry of Energy)”)
Slide 21	"Suspension Notice"	May wish to consider noting in the sentence that post-suspension refinancing is covered by the guarantee. As this was something Torys made a point of including in the agreement for financeability, suggest including for investors.
Slide 23	Key Terms – Moratorium Period (bullet 3)	Consider replacing “(until May 1, 2021)” to “(until April 30, 2021) and up to July 31, 2021” [see section 21(4) of FHPA and section 9.1 of O. Reg. 206/17]. Consider removing “which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period”, since this is not expressly provided in the MTSA [also see section 16 of O. Reg. 206/17].
Slide 28	Third bullet	Consider replacing “fit under the fair allocation curve” with “ensure reasonable alignment with fair allocation amounts”. [see paragraph 1 of section 21(3) of FHPA].
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Slide 38	Third bullet	Please note reference to ability to disconnect service for non-payment by LDCs isn’t fully reflective of the requirement, consider revising to be more reflective of the actual mechanism.

From: Bruno Amara
To: Ronald Kwan
Cc: John Kim
Subject: RE: Draft Fair Hydro Investor Presentation.
Date: Tuesday, January 02, 2018 1:36:33 PM

Hi Ron

OK, will review.

Thanks
Bruno

From: Ronald Kwan
Sent: Tuesday, January 02, 2018 11:54 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi John, Bruno,

Please review. I'll try to take a look tonight or tomorrow.

Thanks, and Happy New Year!
Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 11:39 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Ron, here's the presentation. They're looking for comments this week.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

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Have a Merry Christmas.

John

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From:	John Kim
To:	"LEE John -TREASURY"; "LAURETA LAPIRA May -FIN & C CTRL"; "lubna.ladak@opg.com"; "RYFA Ken -TREASURY"; "Talwar, Shruti (ENERGY)"; "j.hahnparker@opg.com"; Tim Christie (ENERGY); Mike Manning; Ken Kandeepan
Cc:	Ronald Kwan
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 7:13:26 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v07Clean_MOFLSBCEFD v3.docx

Attached is with MOF LSB comments consolidated.

From: John Kim
Sent: January-03-18 3:16 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Sorry, forgot to copy Ron….must be the jetlag from my recent trip.

From: John Kim
Sent: Wednesday, January 03, 2018 2:44 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi,

Pls. see attached with our suggested comment additions in red. We are still waiting for comments from MOF Legal, if any.

Thanks,

John

Begin forwarded message:

From: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Date: January 3, 2018 at 10:25:21 AM EST
To: John LEE <john.s.lee@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
Subject: Re: Draft Fair Hydro Investor Presentation.

Hi,

And we'll have a couple comments as well, and we looped in MOF Legal to take a quick look too.

Thanks,
Ron

On Jan 3, 2018, at 10:15 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Hi John:
> I think Ken caught the main issues on my side as well.
>
> Mike
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Wednesday, January 03, 2018 10:00 AM
> **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> Hi John
>
> Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.
>
> - Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC
> - Page 25 - Change of law Process Agreement; I would add that

the PAM is set and updated by the Financing Plan.

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

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Have a Merry Christmas.

John

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416.592.6392 | john.s.lee@opg.com

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Fair Hydro Investor Presentation Comments

Slide #	Reference	Comment
Disclaimers	Last par.	How will this presentation be used, and is it in conjunction with the offering memorandum? [MOF LSB]
Slide 4	Images	Consider removing the nuclear and large hydro images as the plan only covers costs from renewables procurements, gas and conservation.
Slide 6	First bullet	Suggest using "proxy consumer" instead of "average" in this context, which would be more accurate and consistent with legislation as covered later in the presentation.[MOF LSB: Where is Proxy Consumer explained?]
Slide 6	Second bullet	Suggest changing "8% rebate in the provincial portion…" to " 8% rebate equivalent to the provincial portion…".
Slide 6	Third bullet	Language suggest that bills will increase back to status quo in 2021 – suggest adding language regarding increases back up to and past the status quo over time.
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Slide 14	Second bullet	Consider replacing "previously established regulated rate" with "regulated rate established in the first year of the Rate Reduction Period".
Slide 14	Last bullet	Similar to comment on Slide 6 above, suggest referencing increases back up to and beyond status quo beyond the moratorium period~~over time~~.
Slide 15	Third bullet of Moratorium Period section	Consider adding in the words "in favour of the Trust" at the end of the bullet [IESO Security Agreement].
Slide 15	Last bullet	The $2 billion credit facility is provided by the Ontario Financing Authority, not the OEFC. Also, consider rewording so as not to suggest that the $2 billion facility is solely for "carrying costs". Also, suggest that the last clause on security be a stand-alone bullet, not part of the OFA credit facility bullet, and should come before the other part of this bullet (i.e., become the third bullet of this section).

Slide 16	Second bullet	Consider rephrasing to align better with the offering memorandum and legislation.
Slide 16	Third bullet	Consider adding in the word "mainly" before "in respect of …" [see O.Reg. 206/17 section 5]. [MOF LSB: This is a defined term in the Act.]
Slide 16	Bill image	Consider removing as text description should be sufficient.
Slide 17	Second bullet	Consider replacing the words "dealt with" with "mitigated" to avoid suggesting that the risk is eliminated.
Slide 17	Number 2 in the process chart	Consider adding in the word "amount" at the end [O.Reg. 206/17 section 8(2)].
Slide 17	Number 6 in the process chart	Consider replacing the words "in a trust" with "in trust" [FHPA section 16(3)].
Slide 18	Chart	Consider adding explanation of readjustment amount.
Slide 20	Chart	Should the Province's indemnity to OPG [& IESO] be referred to here? [MOF LSB] Also consider whether Management Agreement should be included? [MOF LSB]
Slide 20	OEB's relationship with OPG in the diagram	Consider replacing "review of OPG Fees" with "review and approval of OPG Fees" to better align with the language in O. Reg. 206/17. Consider replacing "Management Agreement" with "Regulation".
Slide 20	IESO's relationship with the Fair Hydro Trust	Note that the Acknowledgement and Indemnity Agreement is made to the Indenture Trustee. Consider editing to avoid confusion.
Slide 20	Ontario Caption	Suggest just having "Province of Ontario" (i.e., omit "(Ministry of Energy)") [MOF LSB: Agree, as MOF is also signatory to some agreements.]
Slide 21	"Suspension Notice"	May wish to consider noting in the sentence that post-suspension refinancing is covered by the guarantee. As this was something Torys made a point of including in the agreement for financeability, suggest including for investors.
Below is a track changes on slides 21 and 22		
Change of Law Protection Agreement		
Parties	• Province of Ontario ~~as Obligor~~ and (2) Indenture Trustee as trustee of the FHT, on behalf of Specified Creditors, ~~as Beneficiaries~~ and (3) OPG as Financial Services Manager ("FSM")	
Purpose	• Provides assurance to Specified Creditors ~~investors~~ that upon the occurrence of a Protection Event, the Province of Ontario will ~~have an obligation to make~~ pay~~ments~~ Approved Obligations on behalf of the Trust, with [limited rights of acceleration][NTD: Consider how to phrase acceleration issue].	
Key Terms	• Term: Continues for as long as any obligations of the Trust that are secured under the	

	Master Trust Indenture (MTI) remain outstanding [MOF LSB: Only if such amounts are covered by the Limited Guarantee] • Mandatory Payment: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved ~~o~~Obligations when due and payable • Priority of Payments: The priority of payments is governed by the waterfall provision under the MTI • Adherence Conditions: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from C~~c~~hange in ~~l~~Law ~~p~~Protection Agreement from the Province • Suspension Notice: The Province may deliver a suspension notice upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM, and any new funding ~~after which date~~ funding obligations that are incurred after the date of a suspension notice will not have the benefit of the Change of Law Protection, ~~upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM~~ [MOF LSB: Should the pre-approved refinancing provisions be referred to here?]
Protection Events	The occurrence of any of the following events: • The Legislature repeals (and does not replace on an equivalent basis) or amends the FHP Act or any portion thereof as in effect on the date hereof • The Legislature enacts or amends any other statute • The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof • The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof • The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province • A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is ultra vires or invalid in a way that adversely affects the ability of the Trust to adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable~~pay its obligations~~ in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

Slide 23	Key Terms – Moratorium Period (bullet 3)	Consider replacing "(until May 1, 2021)" to "(until April 30, 2021) and up to July 31, 2021" [see section 21(4) of FHPA and section 9.1 of O. Reg. 206/17]. Consider removing "which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period", since this is not expressly provided in the MTSA [also see section 16 of O. Reg. 206/17].
Slide 28	Third bullet	Consider replacing "fit under the fair allocation curve" with "ensure reasonable alignment with fair allocation amounts". [see paragraph 1 of section 21(3) of FHPA].
Slide 31	Chart	The post-FHP bill should not follow the status quo trajectory between 2025 and 2028 – bill should be above status quo including rebates as the FAA is positive for those years (Fair Adjustment would be used to offset the majority of the CEA but the amount of the FAA would remain).
Slide 33	Acceleration Bullet	Should this reference cap in regulation? [MOF LSB]
Slide 36	First bullet	Consider removing references to "statutorily mandated". Remittances from IESO are mandated under s. 9.1 of O. Reg. 206/17.
Slide 36	Guarantor	Should this refer to a limited guarantee to make relationship clear? [MOF LSB]
Slide 38	Political Risk	Consider reviewing the characterization of the risk to align with the risk as described in the Agreements.
Slide 38	Third bullet	Please note reference to ability to disconnect service for non-payment by LDCs isn't fully reflective of the requirement, consider revising to be more reflective of the actual mechanism.

From:	Ronald Kwan
To:	Tobias P. Whitfield (MOF); Malle Hanslep (MOF)
Cc:	Ken Kandeepan; Mike Manning; John Kim
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 6:53:44 PM

Thanks Toby.

John is doing a consolidated set of comments.

Ron

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: January-03-18 3:47 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Ron,

Please find attached our comments on the investor presentation deck. We have added our comments in track changes to the word document with the other comments.

Mike and Ken, we are also wondering if you have heard anything new about the timing of the term deal and whether there are any documents that have been circulated that we can start to look at.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January 3, 2018 2:28 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Malle, Toby,

Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?

Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.

Thanks, and a Happy New Year to you both.

Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 11:39 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

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Tim

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Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
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From:	Ronald Kwan
To:	John Kim
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 6:52:46 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v07Clean_MOFLSBCEFD v2.docx

Hi John,

How about this?

Ron

From: John Kim
Sent: January-03-18 6:25 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

HI Ron,

Not perfectly attributed to MOF LSB but here is the consolidated version. I can qualify that additional items are attributed to MOF LSB….

Thanks,

John

From: Ronald Kwan
Sent: January-03-18 5:46 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: Draft Fair Hydro Investor Presentation.

Thanks John.

Ron

On Jan 3, 2018, at 5:44 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> I am not sure who the questions are for, almost to Energy? Will send the consolidated soon.
>
> Sent from my iPhone
>
> On Jan 3, 2018, at 4:58 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi John,
> >
> > Could we consolidate with ours as is, and then send and let OPG and energy sort it out? Or are they questions to us?

Ron

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> Thanks,
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> John
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> **From:** Ronald Kwan
> **Sent:** Wednesday, January 03, 2018 4:00 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** Fwd: Draft Fair Hydro Investor Presentation.
>
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>
> Thanks,
> Ron
>
> Begin forwarded message:
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> > **From:** "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>
> > **Date:** January 3, 2018 at 3:46:58 PM EST
> > **To:** "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
> > **Cc:** "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>
> > **Subject: RE: Draft Fair Hydro Investor Presentation.**
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> > Please find attached our comments on the investor presentation deck. We have added our comments in track changes to the word

document with the other comments.

Mike and Ken, we are also wondering if you have heard anything new about the timing of the term deal and whether there are any documents that have been circulated that we can start to look at.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January 3, 2018 2:28 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Draft Fair Hydro Investor Presentation.

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Thanks, and a Happy New Year to you both.

Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 11:39 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>

Subject: FW: Draft Fair Hydro Investor Presentation.

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Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

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As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know. The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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Fair Hydro Investor Presentation Comments

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To: Ronald Kwan
Subject: RE: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 6:25:06 PM
Attachments: Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v07Clean_MOFLSBCEFD v1.docx

---

HI Ron,

Not perfectly attributed to MOF LSB but here is the consolidated version. I can qualify that additional items are attributed to MOF LSB….

Thanks,

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tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January 3, 2018 2:28 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Malle, Toby,

Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?

Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.

Thanks, and a Happy New Year to you both.

Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 11:39 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Ron, here's the presentation. They're looking for comments this week.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

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Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 | 416.592.6392 | john.s.lee@opg.com

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From:	Whitfield, Tobias P. (MOF)
To:	Ronald Kwan; Malle Hanslep (MOF)
Cc:	Ken Kandeepan; Mike Manning
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 3:47:15 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions.docx

Ron,

Please find attached our comments on the investor presentation deck. We have added our comments in track changes to the word document with the other comments.

Mike and Ken, we are also wondering if you have heard anything new about the timing of the term deal and whether there are any documents that have been circulated that we can start to look at.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Fair Hydro Investor Presentation Comments

Slide #	Reference	Comment
Disclaimers	Last par.	How will this presentation be used, and is it in conjunction with the offering memorandum?
Slide 4	Images	Consider removing the nuclear and large hydro images as the plan only covers costs fro~~r~~m renewables procurements, gas and conservation. [MOF LSB: Can we confirm whether this is true?]
Slide 6	First bullet	Suggest using "proxy consumer" instead of "average" in this context, which would be more accurate and consistent with legislation as covered later in the presentation.[MOF LSB: Where is Proxy Consumer explained? I am not sure what it means.]
Slide 6	Second bullet	Suggest changing "8% rebate in the provincial portion…" to " 8% rebate equivalent to the provincial portion…".
Slide 6	Third bullet	Language suggest that bills will increase back to status quo in 2021 – suggest adding language regarding increases back up to and past the status quo over time.
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Slide 11	First bullet	Suggest rewording to the following: "As part of the restructuring of Ontario's electricity industry under the Energy Competition Act, 1998, the municipal electricity utilities became municipally-owned business corporations, including local distribution companies ("LDCs")." – Some LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners."
Slide 14	Second bullet	Consider replacing "previously established regulated rate" with "regulated rate established in the first year of the Rate Reduction Period".
Slide 14	Last bullet	Similar to comment on Slide 6 above, suggest referencing increases back up to and beyond status quo beyond the moratorium period~~over time~~.
Slide 15	Third bullet of Moratorium Period section	Consider adding in the words "in favour of the Trust" at the end of the bullet [IESO Security Agreement]. Also, can we clarify whether the $2 billion credit facility is provided by the OFA or the OEFC? Who is the actual lender? [MOF LSB: Our understanding is that this credit facility comes from the OFA, not the OEFC.
Slide 15	Last bullet	It's "Ontario Electricity Financial Corporation" (i.e., not "Financing"). [MOF LSB: But likely the reference to the OEFC should be deleted in any event since the credit facility comes from the OFA, as far as we understand it.] Also, consider rewording so as not to suggest that the $2 billion facility is solely for "carrying costs".

		Also, suggest that the last clause on security be a stand-alone bullet, not part of the OEF credit facility bullet, and should come before the other part of this bullet (ie, become the third bullet of this section).
Slide 16	Second bullet	Consider rephrasing to align better with the offering memorandum and legislation.
Slide 16	Third bullet	Consider adding in the word "mainly" before "in respect of …" [see O.Reg. 206/17 section 5]. [MOF LSB: This is a defined term in the Act.]
Slide 16	Bill image	Consider removing as text description should be sufficient.
Slide 17	Second bullet	Consider replacing the words "dealt with" with "mitigated" to avoid suggesting that the risk is eliminated.
Slide 17	Number 2 in the process chart	Consider adding in the word "amount" at the end [O.Reg. 206/17 section 8(2)].
Slide 17	Number 6 in the process chart	Consider replacing the words "in a trust" with "in trust" [FHPA section 16(3)].
Slide 18	Chart	Consider adding explanation of readjustment amount.
Slide 20	Chart	Should the Province's indemnity to OPG [& IESO] be referred to here? Also consider whether Management Agreement should be included?
Slide 20	OEB's relationship with OPG in the diagram	Consider replacing "review of OPG Fees" with "review and approval of OPG Fees" to better align with the language in O. Reg. 206/17. Consider replacing "Management Agreement" with "Regulation".
Slide 20	IESO's relationship with the Fair Hydro Trust	Note that the Acknowledgement and Indemnity Agreement is made to the Indenture Trustee. Consider editing to avoid confusion.
Slide 20	Ontario Caption	Suggest just having "Province of Ontario" (i.e., omit "(Ministry of Energy)") [MOF LSB: Agree, as MOF is also signatory to some agreements.]
Slide 21	"Suspension Notice"	May wish to consider noting in the sentence that post-suspension refinancing is covered by the guarantee. As this was something Torys made a point of including in the agreement for financeability, suggest including for investors.
Below is a track changes on slides 21 and 22		
Change of Law Protection Agreement		
Parties	• Province of Ontario ~~as Obligor~~ and (2) Indenture Trustee as trustee of the FHT, on behalf of Specified Creditors, ~~as Beneficiaries~~ and (3) OPG as Financial Services Manager ("FSM")	
Purpose	• Provides assurance to Specified Creditors ~~investors~~ that upon the occurrence of a Protection Event, the Province of Ontario will ~~have an obligation to make~~ pay~~ments~~ Approved Obligations on behalf of the Trust, with [limited rights of acceleration][NTD: Consider how to phrase	

	acceleration issue].	
Key Terms	• Term: Continues for as long as any obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding [MOF LSB: Only if such amounts are covered by the Limited Guarantee] • Mandatory Payment: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved ~~o~~Obligations when due and payable • Priority of Payments: The priority of payments is governed by the waterfall provision under the MTI • Adherence Conditions: OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the issuance of debt which is to benefit from C~~c~~hange in ~~l~~Law ~~p~~Protection Agreement from the Province • Suspension Notice: The Province may deliver a suspension notice upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM, and any new funding ~~after which date~~ funding obligations that are incurred after the date of a suspension notice will not have the benefit of the Change of Law Protection, ~~upon the occurrence of a program breach, a default in performance, or misrepresentation by OPG as FSM~~ [MOF LSB: Should the pre-approved refinancing provisions be referred to here?]	
Protection Events	The occurrence of any of the following events: • The Legislature repeals (and does not replace on an equivalent basis) or amends the FHP Act or any portion thereof as in effect on the date hereof • The Legislature enacts or amends any other statute • The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof • The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof • The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province • A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is ultra vires or invalid in a way that adversely affects the ability of the Trust to adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable~~pay its obligations~~ in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount	
Slide 23	Key Terms – Moratorium Period (bullet 3)	Consider replacing "(until May 1, 2021)" to "(until April 30, 2021) and up to July 31, 2021" [see section 21(4) of FHPA and section 9.1 of O.

		Reg. 206/17]. Consider removing "which will be offered, as regulatory assets, for transfer to the Trust in a subsequent period", since this is not expressly provided in the MTSA [also see section 16 of O. Reg. 206/17].
Slide 28	Third bullet	Consider replacing "fit under the fair allocation curve" with "ensure reasonable alignment with fair allocation amounts". [see paragraph 1 of section 21(3) of FHPA].
Slide 31	Chart	The post-FHP bill should not follow the status quo trajectory between 2025 and 2028 – bill should be above status quo including rebates as the FAA is positive for those years (Fair Adjustment would be used to offset the majority of the CEA but the amount of the FAA would remain).
Slide 33	Acceleration Bullet	Should this reference cap in regulation?
Slide 36	First bullet	Consider removing references to "statutorily mandated". Remittances from IESO are mandated under s. 9.1 of O. Reg. 206/17.
Slide 36	Guarantor	Should this refer to a limited guarantee to make relationship clear?
Slide 38	Political Risk	Consider reviewing the characterization of the risk to align with the risk as described in the Agreements.
Slide 38	Third bullet	Please note reference to ability to disconnect service for non-payment by LDCs isn't fully reflective of the requirement, consider revising to be more reflective of the actual mechanism.

From:	John Kim
To:	"LEE John -TREASURY"; "LAURETA LAPIRA May -FIN & C CTRL"; "lubna.ladak@opg.com"; "RYFA Ken -TREASURY"; "Talwar, Shruti (ENERGY)"; "j.hahnparker@opg.com"; Tim Christie (ENERGY); Mike Manning; Ken Kandeepan
Cc:	Ronald Kwan
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 3:15:33 PM
Attachments:	Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v07Clean.docx

Sorry, forgot to copy Ron….must be the jetlag from my recent trip.

From: John Kim
Sent: Wednesday, January 03, 2018 2:44 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi,

Pls. see attached with our suggested comment additions in red. We are still waiting for comments from MOF Legal, if any.

Thanks,

John

Begin forwarded message:

> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** January 3, 2018 at 10:25:21 AM EST
> **To:** John LEE <john.s.lee@opg.com>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
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> And we'll have a couple comments as well, and we looped in MOF Legal to take a quick look too.

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> Hi John:
> I think Ken caught the main issues on my side as well.
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> **From:** Ken Kandeepan
> **Sent:** Wednesday, January 03, 2018 10:00 AM
> **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
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From: John Kim
To: Ronald Kwan
Subject: RE: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 3:11:59 PM

Hi Ron,

Maybe I'm missing something….but the only comment related to slide 7 is the one Tim put together??? I don't have anything on slide 9? Are you looking at v07Clean?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, January 03, 2018 3:10 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: Draft Fair Hydro Investor Presentation.

Hi,

I thought we were omitting the comments on slides 7 and 9?

On Jan 3, 2018, at 2:39 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Sure thing….will send right away. So just turn the greed to red from the last version.
>
> ---
>
> **From:** Ronald Kwan
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> **To:** John Kim <John.Kim@ofina.on.ca>
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Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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From:	Hanslep, Malle (MOF)
To:	Tobias P. Whitfield (MOF); Ronald Kwan
Cc:	Ken Kandeepan; Mike Manning
Subject:	RE: Draft Fair Hydro Investor Presentation.
Date:	Friday, January 05, 2018 11:20:09 AM
Importance:	High

Hi all

Do you know if these comments have been sent to OPG? It is strange that they are planning to deliver a final version of the presentation to the Ministers/DM's today as part of a reference document given that they asked for our comments and haven't even received them back yet. So what will be the state of the document that they send today>

Thanks

Malle

From: Whitfield, Tobias P. (MOF)
Sent: January-03-18 3:47 PM
To: Kwan, Ronald (OFA); Hanslep, Malle (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA)
Subject: RE: Draft Fair Hydro Investor Presentation.

Ron,

Please find attached our comments on the investor presentation deck. We have added our comments in track changes to the word document with the other comments.

Mike and Ken, we are also wondering if you have heard anything new about the timing of the term deal and whether there are any documents that have been circulated that we can start to look at.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January 3, 2018 2:28 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Malle, Toby,

Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy

yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?

Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.

Thanks, and a Happy New Year to you both.

Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 11:39 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Ron, here's the presentation. They're looking for comments this week.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Thouin, Alena (ENERGY); Anna Strathy; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Tim Christie (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 12:54:29 PM

Hi,

I had a call with Rima who confirmed that OPG is planning to deliver today because of their currently expected launch date of January 22nd.

Thanks,

Malle

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: January-05-18 12:09 PM
To: Kandeepan, Ken (OFA); Thouin, Alena (ENERGY); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

I am just going to ask for information and not suggest anything to Rima and then get back to the group.

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Hanslep, Malle (MOF)
Sent: Friday, January 5, 2018 11:55
To: Kandeepan, Ken (OFA); Thouin, Alena (ENERGY); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Yes I understand that, but they requested it nevertheless which would have resulted in the Province having very little time to review these documents.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 11:54 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

To clarify Malle, the waiver requested related to an issue date of Jan 15th, given that as per the attached email the date is now the 22nd no waiver is required.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, January 05, 2018 11:50 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Yes this would be my understanding based on the emails so far. They want to meet the 10 business day deadline for sending reference documents to the Province before their proposed transaction date. They have even requested that this time period be waived which would result in the Province having less time to these documents. As you know we haven't received a draft of the OM since November.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 11:44 AM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am little concerned that with a proposed date of Jan 22nd for the term deal, delivery today will ensure that the 10 business day expire on Jan 19th, whereas delivery on Monday means that the expiry is on the day of the deal itself. Cutting it too close.

Thanks

Ken k

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 11:34 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle

Perhaps it's worthwhile for you to place a call to Rima and ask what is driving today vs. Monday? Maybe she will be more forthcoming over a call?

Alena Thouin

Deputy Director, Legal Services

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 11:27 AM

To: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)

Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Veinot, Cindy (TBS)

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

I don't know exactly what the content of our conversation at 3pm will be so maybe we should consider whether today is the appropriate time for OPG to deliver these final documents, including the OM?

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 11:22 AM

To: 'Ramchandani, Rima'

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=_E2eatPNZaQkHAKbaMe8etZ0qgkVUCNY_YO4TmEPvfQ&s=-Puz-FGasEGh2DanzowvhV5OQzCvvQ-OtdGNYS-gFb8&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is

there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Ramchandani, Rima
To:	Malle Hanslep (MOF)
Cc:	Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject:	RE: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 11:18:04 AM

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin,

Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=IZ7lTPK503F_PpICN-OZz-YspyWV-k9yLcs047mryv8&s=37_uvmaOUCngBUD-XlD9g4mhfR1UsvBKcV0zy1-ukt8&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From:	Hanslep, Malle (MOF)
To:	Ramchandani, Rima
Cc:	Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject:	RE: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 11:10:43 AM

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

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-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com> <mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com> <mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: John Kim
To: Ronald Kwan
Cc: Usman Zahid
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 10:55:38 AM

Hi Ron,

Unfortunately, no….I have an appointment for a mortgage renewal.

John

From: Ronald Kwan
Sent: Friday, January 05, 2018 10:37 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: Fwd: EXTERNAL – Delivery of Reference Documentation to Province

Hi John,

Are you available to attend?

Ron

Begin forwarded message:

> **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Date:** January 5, 2018 at 10:17:37 AM EST
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>, "'Thouin, Alena (ENERGY)'" <Alena.Thouin@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, Anna Strathy <Anna.Strathy@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>
> **Cc:** "Shannon Jack (MTO)" <Shannon.Jack@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>
> **Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province**
>
> As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.
>
> Thanks
>
> Ken k
>
> -----Original Message-----
> From: Mike Manning
> Sent: Friday, January 05, 2018 10:08 AM
> To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
> Around as well.
> Mike
>
> -----Original Message-----
> From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
> Sent: Friday, January 05, 2018 10:03 AM
> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
> I am available as well.
>
> After 11:30
>
> Adding our Energy policy counterparts.
>
> Alena Thouin
>
> Deputy Director, Legal Services Branch
>
> Ministries of Energy / Infrastructure / Economic Development & Growth /
>
> Research, Innovation & Science / Accessibility
>
> 56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
>
> Tel: 416-325-1834 Email: alena.thouin@ontario.ca
>
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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Ramchandani, Rima
To: Malle Hanslep (MOF)
Cc: Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 10:50:32 AM

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

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Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

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P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

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Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

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(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

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As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3Pkl2znl7RPACN08&m=3hUHtnddh4yCjs5DtMP4gC3Rd4HlBYOST7kOS6YcRGQ&s=ZBHLCfTP-BkvV9nEBMtUl8tdNWJGUVxydOq5bt-1IbE&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com> <mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com> <mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com> <mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com> <mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com> <mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>

<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Mike Manning
To:	Malle Hanslep (MOF); Ken Kandeepan; Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc:	Shannon Jack (MTO); Veinot, Cindy (TBS)
Subject:	RE: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 10:33:02 AM

Fine for me.
Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, January 05, 2018 10:28 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Shannon Jack (MTO) <Shannon.Jack@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi,

3 pm is good for me.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY';

Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: ASHBOURNE, STEPHEN
To: Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF); Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc: Shannon Jack (MTO); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 10:33:01 AM

Fine for me too. Thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, January 05, 2018 10:28 AM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi,

3 pm is good for me.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""“Material Effect” means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Thouin, Alena (ENERGY)
To: Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc: Shannon Jack (MTO); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 10:31:57 AM

For me as well.

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth /
Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: January 5, 2018 10:28 AM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi,

3 pm is good for me.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of

performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward

the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Mike Manning; Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc: Shannon Jack (MTO); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 10:28:32 AM

Hi,

3 pm is good for me.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 10:18 AM
To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-

xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY

<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Ken Kandeepan
To:	Mike Manning; "Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Cc:	Shannon Jack (MTO); Veinot, Cindy (TBS)
Subject:	RE: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 10:17:38 AM

As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Friday, January 05, 2018 10:08 AM
To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF)

<Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From:	Hanslep, Malle (MOF)
To:	Ramchandani, Rima
Cc:	Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject:	RE: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 10:11:04 AM

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you

include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=S5F8jUM17pMBOEisVO1-1b9ooL0mcy-n8zsHZJQxNvU&s=tJpcCtZiqpJJBw-mDrRF0WiW5sQil6Y77Rop69_2IdI&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com> <mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com> <mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com> <mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com> <mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com> <mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com> <mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Thouin, Alena (ENERGY); Anna Strathy; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Tim Christie (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 11:54:59 AM

Yes I understand that, but they requested it nevertheless which would have resulted in the Province having very little time to review these documents.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 11:54 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

To clarify Malle, the waiver requested related to an issue date of Jan 15th, given that as per the attached email the date is now the 22nd no waiver is required.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, January 05, 2018 11:50 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Yes this would be my understanding based on the emails so far. They want to meet the 10 business day deadline for sending reference documents to the Province before their proposed transaction date. They have even requested that this time period be waived which would result in the Province having less time to these documents. As you know we haven't received a draft of the OM since November.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 11:44 AM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am little concerned that with a proposed date of Jan 22nd for the term deal, delivery today will ensure that the 10 business day expire on Jan 19th, whereas delivery on Monday means that the expiry is on the day of the deal itself. Cutting it too close.

Thanks

Ken k

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 11:34 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle

Perhaps it's worthwhile for you to place a call to Rima and ask what is driving today vs. Monday? Maybe she will be more forthcoming over a call?

Alena Thouin

Deputy Director, Legal Services

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 11:27 AM

To: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)

Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Veinot, Cindy (TBS)

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

I don't know exactly what the content of our conversation at 3pm will be so maybe we should consider whether today is the appropriate time for OPG to deliver these final documents, including the OM?

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 11:22 AM

To: 'Ramchandani, Rima'

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=_E2eatPNZaQkHAKbaMe8etZ0qgkVUCNY_YO4TmEPvfQ&s=-Puz-FGasEGh2DanzowvhV5OQzCvvQ-OtdGNYS-gFb8&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From:	Mike Manning
To:	"Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Ken Kandeepan; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Subject:	RE: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 10:07:44 AM

Around as well.
Mike

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 10:03 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and

contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any “electricity market” disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Thouin, Alena (ENERGY)
To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan; Tim Christie (ENERGY)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 10:03:24 AM

I am available as well.

After 11:30

Adding our Energy policy counterparts.

Alena Thouin

Deputy Director, Legal Services Branch

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Whitfield, Tobias P. (MOF)
To: Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan
Cc: Thouin, Alena (ENERGY)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 9:35:09 AM

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some

time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Hanslep, Malle (MOF)
To: ASHBOURNE, STEPHEN; Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan
Cc: Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 9:31:49 AM

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: ASHBOURNE, STEPHEN
To: Malle Hanslep (MOF); Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan
Cc: Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 9:29:00 AM
Attachments: 12927773-v1-Indicative (Blakes) Comments on OFHPA OM.RTF

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYquIJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=UpuFbzohnjM-x2Ic0eWPKzWC4HC6Z5KjSS7bxpmPAJo&s=p4dfle40yv_7tifh-wp9SiMvNb4Rb9fdeZmoDDGVbwA&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYquIJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=UpuFbzohnjM-x2Ic0eWPKzWC4HC6Z5KjSS7bxpmPAJo&s=0jicA75kW_uhG1UrZiBZP6cLVtJu7OhgTzH97OfnhJU&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYquIJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=UpuFbzohnjM-x2Ic0eWPKzWC4HC6Z5KjSS7bxpmPAJo&s=oxAm3mPfZ3gTM4Wxm31iyP1uw47xVctbbMX_c6Kqork&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

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Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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~~JPHR Comments (November 27-17) based on the confidential shelf offering memorandum.~~

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement ■, 2017

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager, has created a program providing for the offering and issuance of senior secured notes (the "**Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**OFHPA**"), legislation that [reallocates certain electricity infrastructure ~~(including generation, conservation and demand reduction)~~ costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the ~~FHPA, Ontario Power Generation Inc. ("OPG")~~OFHPA, OPG is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, ~~and manage~~ one or more financing entities to raise debt financing [(referred to as "**Funding Obligations**") ~~for the purposes of the FHPA~~][2] in accordance with the OFHPA. The Issuer is a financing entity under the ~~FHPA~~OFHPA and the Notes are Funding Obligations ~~being offered for the purposes of the FHPA~~. *[ntd-jpr: The terms "financing entity(ies)" and "funding obligation(s)" are not capitalized under the OFHPA. Consider defining once if you wish to capitalize terms.]*

The Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Notes are not a debt, liability or ~~general~~ obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity~~. The Notes will be nonrecourse~~, other than to the extent of certain protections and assurances provided for the benefit of specified creditors of the Issuer (including holders of the Notes), in order to address certain concerns arising as a result of an adverse change or determination of law. [Cross refer to the Limited Guarantee]. The Notes will be limited recourse obligations of the Issuer, secured only by the collateral described in this confidential shelf offering memorandum. See "*Risk Factors*".

The specific terms of any offering of Notes, including, without limitation, the aggregate principal amount of Notes being offered, the currency of the Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Notes will not be listed on any securities exchange.

The offering of Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces [and territories] ***[NTD: Dealers to advise if Notes may be offered in the territories.]*** of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Notes and will also set forth the terms of such Offering of Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Notes. The Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Notes will be issued under and will be entitled to the benefits of a master trust indenture [dated the date of the closing of the first Offering][3] between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces [and territories] where they are sold. The Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces [and territories] in which they are traded. See "Restrictions on Resale".

There is currently no secondary market for the Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Notes with liquidity for their investment or that it will continue for the term of the applicable Notes. Accordingly, purchasers of the Notes may be required to bear the financial risk of investing in such Notes until the maturity date of such Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit [1],[4] is included in, and forms an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit [1], and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
[CONFIDENTIALITY v
DOCUMENTS INCORPORATED BY REFERENCE v
[MARKET AND INDUSTRY DATA v
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 10
ONTARIO'S FAIR HYDRO PLAN 13
CHANGE OF LAW PROTECTION AGREEMENT 19
THE ISSUER 20
THE MANAGER 22
SUBORDINATED DEBT 23
THE TRANSFEROR AND SERVICER 25
CREDIT RATINGS 26
RATING AGENCY CONDITION 26
CAPITAL MARKETS PLATFORM 26
DESCRIPTION OF NOTES 42
DEPOSITORY SERVICES 44
PLAN OF DISTRIBUTION 45
RISK FACTORS 46
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 54
LANGUAGE OF DOCUMENTS 58
RESTRICTIONS ON RESALE 58
REPORTING REQUIREMENTS 59
STATUTORY RIGHTS OF ACTION 59
INDENTURE TRUSTEE 70
LEGAL MATTERS 70
GLOSSARY 70
SCHEDULE A – CANADIAN PROVINCIAL [AND TERRITORIAL] SECURITIES REGULATORY AUTHORITIES 76
EXHIBIT 1 – INVESTOR PRESENTATION 78

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained [in the summary and the sections titled "■", "■", "■"]and "Risk Factors" of this confidential shelf offering memorandum. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks: ■. Please also see *"Risk Factors"*. ***[NTD: Update once risk factors are settled.]***

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

[CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.] ***[NTD: Dealers to confirm how the OM will be delivered to prospective purchasers, i.e. will electronic distribution be subject to prospective purchasers clicking on a confidentiality undertaking before being given access?]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Notes issued under such Term Sheet.

[MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by [third party consultants and] other industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot

always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.] ***[NTD: Revise as appropriate once OM disclosure is substantially settled.]***

REFERENCES TO THE OFHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [55] of this confidential shelf offering memorandum.

[NTD: Working group to consider whether it would be useful to reproduce or pull forward any charts included in the body.]

Issuer:	Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**").
Summary of the Program:	The program provides for the offering and issuance by the Issuer of Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Notes will be issued under the master trust indenture [dated the date of the closing of the first Offering][5] (the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), and a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Ontario's Fair Hydro Plan:	On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017* (the "~~**FHPA**~~**OFHPA**" or the "**Act**")[, which is legislation sponsored by the Government that reallocates certain electricity infrastructure costs, including generation, conservation and demand/load reduction contract costs, over time and provides immediate rate relief to specified consumers (a category of consumers that is defined under the Act and generally is comprised of residential consumers, small businesses and farms).][6] Under the ~~FHPA~~OFHPA, OPG is appointed as the initial Financial Services Manager [and is given the authority to, among other things, establish, or cause to be established, ~~and manage~~ one or more Financing Entities [to raise debt financing by][7] incurring funding obligations as contemplated under the ~~FHPA~~OFHPA and its regulations (referred to as "**Funding Obligations**")[8] for the purposes of[9] implementing the electricity rate reductions provided for under the ~~FHPA~~OFHPA][10]. The Issuer is a Financing Entity, [established by][11] Ontario Power Generation as Financial Services Manager, under the ~~FHPA~~OFHPA and the Notes are Funding Obligations being offered [for the purposes of the ~~FHPA~~OFHPA][12]. See *"Ontario's Fair Hydro Plan — Background"*.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a non-share capital, not-for-profit corporation continued under the *Electricity Act, 1998*. The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.

Investment Interest:

Each month, the IESO will determine the shortfall resulting from the rate reduction verses the amounts payable to generators and contract ~~counter parties~~counterparties][13], as mandated by the ~~FHPA~~OFHPA and Regulations and record the amount of this difference in a variance account (the right to recover such amount~~, referred to as the~~ is a regulatory asset established under the Act (the "**Regulatory Asset**")). The IESO may transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the OFHPA. Such transfers will be made pursuant to a master transfer and servicing agreement dated the [date of the closing of the first Offering][14] between the Issuer and the IESO (the "**Master Transfer and Servicing Agreement**"). Upon the first transfer of a specified portion of the Regulatory Asset to the Issuer, the [I]nvestment [A]sset [will][15] be established and the Issuer [will] acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the ~~right~~rights specified in the Act, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from specified consumers in accordance with the ~~FHPA~~OFHPA. See *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.[16]

Clean Energy Adjustment:

The ~~FHPA~~OFHPA imposes an irrevocable and non-bypassable charge referred to as the clean energy adjustment **("Clean Energy Adjustment")** that will be determined by the Financial Services Manager ~~and will be converted by the~~based on the calculations and parameters set out in the Act. The Ontario Energy Board (the "**OEB**") ~~into a cent per KWh rate and added to the electricity invoices sent to Specified Consumers. See "~~is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respect of a specified reference period (which is generally a six-month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See "• — *Statutory Duties of the OEB"* below.

The Clean Energy Adjustment ~~is an amount~~will be determined by the Financial Services Manager for each month in a reference period ~~(which is generally a six-month period, subject to more frequent determinations in certain circumstances)~~ and consists of the sum (without duplication) of: (i) the estimated finance amount in respect of the reference period, which ~~includes all financing and other expenses of the Issuer for~~will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes and other amounts paid or payable during such reference period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is ~~comprised of~~required to be calculated by the Financial Services Manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously recovered through the Clean Energy Adjustment during preceding Reference Periods~~ plus other anticipated shortfalls~~. The True-up

Amount ~~accounts for~~may also reflect historical and reasonably foreseeable: differences between the estimated and actual finance amount; differences between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption~~ and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the ~~FHPA~~OFHPA. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not be paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for ~~such~~a Reference Period.

[Commencing May 1, 2021, the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no funding obligations are permitted to be incurred~~ by the Financial Services Manager~~ that would give rise to a Clean Energy Adjustment being payable by Specified Consumers except under unexpected or rare or unexpected circumstances ***[ntd-LSB Energy: : for example, unless there was no readjustment amount allocated to the reference period or the clean energy adjustments that would be payable during the reference period would not exceed the fair allocation amount net of any applicable readjustment amount, per s.21(4) OFHPA]*** . During the Moratorium Period, the sole source of funds for payment on the Notes, and the Issuer's other carrying costs, will be the IESO. See "— *Financing of Carrying Costs During Moratorium Period"* below.]

Acceleration of Indebtedness:

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Notes) becomes due and payable before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment ~~after such time shall~~for a period will be determined without regard to the fact that such amount has become ~~immediately~~ due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See "— *Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, the priority of payments to creditors of the Issuer will change so that all accelerated Notes will be repaid in full before any further payments are made to holders of subordinated indebtedness, including the subordinated debt held by OPG. See "— *Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act,*

1998 provides the OEB with the authority to [regulate Ontario's electricity market][19], including the activities of transmitters and distributors.

Under the ~~FHPA~~OFHPA and the regulations promulgated thereunder (the "**Regulations**"), the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed ~~in $/~~as a cent per kWh and determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment ~~in respect of the relevant period of time~~ as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast ~~provided by the IESO~~ of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors: Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. These local distributors include approximately 65 ***[NTD: Figure based on IESO presentation. To be confirmed.]*** municipal electricity distributors, including a few privately owned electricity distributors and Hydro One Inc. These local distributors, together with the licensed retailers and the IESO in circumstances where it directly invoices a Specified Consumer, are referred to as the "**Electricity Vendors**". [Approximately 60% of the electricity distribution to Ontario's approximate 5.1 million consumers is supplied by only three Electricity Vendors.] ***[NTD: To be confirmed.] [NTD: What percentage of these consumers are "Specified Consumers"? If this data is relatively static, include in base shelf OM. If not, consider including in Investor Presentation only.]***

The ~~FHPA~~OFHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for the amounts payable in respect of for the Clean Energy Adjustment ~~commencing May 1, 2021,~~ as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][20], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, hold such amounts in trust for the benefit of [the Issuer] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)]. [If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.][21] It is a deemed condition of their license that Electricity Vendors comply with the ~~FHPA.~~OFHPA.[22]

As [security for the obligations of Electricity Vendors under the ~~FHPA~~OFHPA][23], the IESO will, if requested by the Issuer once the Clean Energy Adjustment is being invoiced to Specified Consumers, provide the Issuer with a letter of credit in an amount equal to $■, representing approximately one month of Clean Energy Adjustment amounts to be collected by all non-investment grade-rated Electricity Vendors. Alternatively, if acceptable to the Issuer, the IESO may provide

an equivalent performance guarantee instead of a letter of credit.

Non-bypassability:

The ~~FHPA~~OFHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Notes) to acquire an Investment Interest or refinance existing Funding Obligations, negotiating and entering into Program Agreements, maintaining accounts and banking records, preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Notes) and preparing financial statements and tax filings on behalf of the Issuer.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as the initial Financial Services Manager under the ~~FHPA~~OFHPA, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest ~~of~~on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and the Regulation, OPG is also entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG in relation to the establishment, management and administration of the Issuer and its Investment Interest. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

The IESO is required, as agent of [the Issuer], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances][24]. In addition, the IESO provides certain reporting and other servicing duties in favour of the Issuer, including providing ~~forecasts of~~forecast information regarding electricity consumption by Specified Consumers to the OEB and the Financial Services Manager, [25] [using commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited], remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer][26]. However, the Issuer will reimburse the IESO for its direct costs for the provision of any services to the Issuer that are not required to be performed by

the ~~FHPA~~OFHPA or the Regulations and that are otherwise not recovered or recoverable by the IESO under the *Electricity Act*.[27] ***[NTD: Subject to finalization of MTSA]*** See *"The Transferor and Servicer."*

Financing of Carrying Costs during the Moratorium Period:

During the Moratorium Period and ending on July 31, 2021, the IESO is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its "carrying costs".[28] "Carrying costs" include all funding costs (such as interest on the Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Notes).[29]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the [14th] business day [of each calendar month/following receipt of the Issuer's statement], the IESO is required to deliver the amount specified to the Issuer in the carrying costs statement. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Electricity Financial Corporation, expiring ■, 20■, available for the purposes of paying the Issuer's carrying costs. ***[Update to current MTSA.]***

As security for the performance of its obligation under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable[, which includes the global adjustment charge]. ***[NTD: To be confirmed and subject to finalization of IESO security agreement.]*** See *"The Transferor and Servicer"*.

Change of Law Protection Agreement *[To be updated with details from executed agreement.]*:

[NTD: Subject to finalization of agreement.] Pursuant to the Change of Law Protection Agreement in favour of the Issuer and the Indenture Trustee, upon a Protection Event, the Province of Ontario is required to either, at its election: (i) pay the Notes as they become due and payable, or (ii) assume the Notes as primary obligor. ***[NTD: Drafted to assume we will only ever use this OM for an issuance of Notes that we know will constitute an "Approved Obligation" under the Change of Law Protection Agreement.]*** The occurrence of a Protection Event in and of itself will not result in the acceleration of the Notes. ***[NTD: Consider additional disclosure regarding assumption mechanics and consequences]***

Each of the following constitutes a "**Protection Event**":

(a) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the ~~FHPA~~OFHPA, in whole or in part, as in effect on the date hereof;

(b) the Ontario legislature enacts or amends any other statute;

(c) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under or in connection with, the ~~FHPA~~OFHPA, in whole or in part, as in effect on the date

hereof;

(d) the Lieutenant Governor in Council, a minister of the Province, an official of the government or board or commission appointed by the Lieutenant Governor in Council makes or amends any regulation; or

(e) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or any entity controlled by the Province,

in each case, that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interest so that it can pay the Notes in accordance with their terms or the Change of Law Protection Agreement or any of the agreements under which the Notes arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable, or

(f) a court determines that all or a portion of the ~~FHPA~~OFHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interest so that it can pay Obligations Secured (including the Notes) that has the effect of the Issuer not having sufficient funds to pay Obligations Secured (including the Notes) that have become due and payable.

[As a condition to any Offering of Notes, OPG will be required to deliver a certification to the Agents confirming that the Change of Law Protection Agreement applies in respect of the particular Series of Notes offered.]

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the ~~FHPA~~OFHPA and the Regulations by the Minister of Energy in respect of each Reference Period and which, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[30]

The Financial Services Manager is required to prepare a Financing Plan under the ~~FHPA~~OFHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities ~~and having~~for the purposes of acquiring an Investment Interest [or for the purposes of a Refinancing]. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period, in each case after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Periods. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that

align with the purposes of the ~~FHPA~~OFHPA, [namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits].[31] Notwithstanding the above, the ~~FHPA~~OFHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024. Accordingly, any Notes maturing at a time when the Fair Allocation Amount is negative are expected to be refinanced through the issuance of another Series of Notes. If Notes cannot be refinanced on or before maturity, holders of such Notes will have the ability to accelerate their Notes resulting in Clean Energy Adjustments that would otherwise be used to pay holders of Subordinated Notes being used to pay holders of accelerated Notes.

[The Financing Plan accommodates the issuance of a variety of corporate debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed debt securities (such as the Notes), commercial paper, medium-term notes, interest rate and currency swaps and other hedging instruments. Based on the Fair Allocation Amounts and subject to the availability of debt financing, it is expected that the Issuer (or other Financing Entities) may incur up to approximately $■ of indebtedness annually over the next ■ years, comprised of approximately $■ of senior debt (including the Notes) and approximately $■ of subordinated debt.] ***[NTD: Consider what we will need to say about the Issuer's plans to raise additional debt, including the use of the short-term warehousing facility. Will investors expect to see a copy of the Fair Allocation Curve?]***

Document comparison by Workshare Compare on Friday, January 05, 2018 9:05:11 AM

Input:	
Document 1 ID	PowerDocs://TOR_2024/12923381/2
Description	TOR_2024-#12923381-v2-Blakes_Comments_-_Offering_Memorandum_for_Hydro_Trust_(12/05/17)
Document 2 ID	PowerDocs://TOR_2024/12923381/4
Description	TOR_2024-#12923381-v4-Blakes_Comments_-_Offering_Memorandum_for_Hydro_Trust_(12/05/17)
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	280
Deletions	172
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	460

[1] Blakes suggests that this narrative be removed or, if necessary, it should precisely track the Purposes of the Act set out in section 3 of the OFHPA.
[2] Consider a definition of "Funding Obligation" throughout the OM that is consistent with the statutory definition in the OFHPA.
[3] Consider updating given Warehouse closing.
[4] Please provide a copy of the Investor Presentation to the Province.
[5] Consider updating given Warehouse closing.
[6] Blakes suggests that this narrative be removed or, if necessary, it should precisely track the Purposes of the Act set out in section 3, including key definitions such as "clean energy costs", "clean energy benefits", and to incorporate the principles of alignment and fairness over time. Drafting needs to avoid interpretive statements.
[7] Confirm under the Act.
[8] As stated in a note to the Face Page, please consider redrafting with a more fulsome explanation of "Funding Obligations" that is consistent with the Act and removing the "debt financing" language.
[9] Note that the statutory definition of "funding obligation" provides that funding obligations have the more immediate purpose of funding ownership of an investment interest. Please consider characterizing the purpose of funding obligations in accordance with the OFHPA.
[10] Blakes suggests that this narrative be removed or, if necessary, it should precisely track the appointment, duties and powers contemplated in sections 18 and 19 of the Act. Drafting needs to avoid interpretive statements. Refer to Financing Plan provisions under section 21 and incurrences by financing entities under section 22.
[11] Confirm and conform to definition of "financing entity" as required.
[12] Avoid narrative.
[13] Blakes suggests that this narrative should more precisely track the calculation contemplated in section 15 of the General Regulation.

[14] Should the 2017 transaction (ABCP conduits) be separately explained?
[15] Fix tense. This has now happened.
[16] Please consider revising the disclosure to explain the difference between the Investment (a bundle of statutory rights and interests held by investment interest owners collectively) and the Investment Interest (an ownership interest in the rights and interests comprising the Investment Asset).
[17] Blakes suggests that this narrative should more precisely track the framework of the legislation. The relevant provisions are 25(3) of the Act (The IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021) and 21(4) of the Act (i.e., limitation on FSM incurring funding obligations payable through CEAs from July 1, 2017 to April 30, 2021). The proposed disclosure regarding the timing of CEA invoicing does not precisely track the legislation.

[18] Confirm if subordination extends to amounts due beyond principal.
[19] Narrow?
[20] This and similar static references to the Issuer should instead refer to investment interest owners, of which the Issuer is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financing entities in the future.
[21] Conform to 17(4) of the Act.
[22] Confirm.
[23] Please conform to current MTSA. L/C is credit support, rather than security.
[24] Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. General Regulation s. 9(2) only requires that IESO remit within a reasonable period of time.
[25] Please confirm when the IESO provides forecast materials to the FSM. The MTSA requires the IESO to provide forecast materials to the Issuer.
[26] Confirm.

[27] Consider how to address IESO's ability to capitalize expenses under the Regulatory Asset, including funding rebates and amounts incurred under 9.1 of the Regulation (see 16(3) of the Regulation).

[28] Please clarify this disclosure for consistency with section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the "Moratorium Period") and ending on July 31, 2021.

[29] Consider conforming to section 9.1(3) of the General Regulation. The regulation provides that "carrying costs" also include derivative payments, etc.

[30] **Note to Province:** Please review this narrative description of the fair allocation amount.

[31] Please characterize the purpose to confirm with s. 3 of the OFHPA.

From:	Hanslep, Malle (MOF)
To:	Ramchandani, Rima; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Anna Strathy; Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY)
Cc:	LEE John -TREASURY; "WONG Leslie -LAWDIV"; "RYFA Ken -TREASURY"; "LADAK Lubna -TREASURY"; "LAURETA LAPIRA May -TREASURY"; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject:	RE: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 8:41:32 AM

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: January-04-18 4:11 PM
To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ramchandani, Rima
Sent: Thursday, January 4, 2018 15:17
To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes
(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes
(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes
(4) Agency Agreement
(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)
(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----
From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference

documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

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P. 416.865.7666

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Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

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John

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From:	Ramchandani, Rima
To:	Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Anna Strathy; Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY)
Cc:	LEE John -TREASURY; "WONG Leslie -LAWDIV"; "RYFA Ken -TREASURY"; "LADAK Lubna -TREASURY"; "LAURETA LAPIRA May -TREASURY"; Mansoori, Nina; Saulnier, Brett
Subject:	RE: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Thursday, January 04, 2018 4:34:07 PM

Will do Malle.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: January-04-18 4:11 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ramchandani, Rima
Sent: Thursday, January 4, 2018 15:17
To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

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come back to the logistics/process for obtaining a waiver should we need one.

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(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes
(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes
(4) Agency Agreement
(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)
(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----
From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in

2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
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Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

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From:	Ramchandani, Rima
To:	Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; "Thouin, Alena (ENERGY"; Malle Hanslep (MOF); David McLean (MOF); Anna Strathy; Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY)
Cc:	LEE John -TREASURY; "WONG Leslie -LAWDIV"; "RYFA Ken -TREASURY"; "LADAK Lubna -TREASURY"; "LAURETA LAPIRA May -TREASURY"; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject:	RE: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Thursday, January 04, 2018 3:17:23 PM
Attachments:	FW EXTERNAL Re Waiver Process.msg

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Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

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P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along

the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Ramchandani, Rima [rramchandani@torys.com]
To: Ramchandani, Rima [rramchandani@torys.com]
Subject: FW: EXTERNAL – Re: Waiver Process
Date: Thursday, January 04, 2018 15:42:55

P. 416.865.7666

From: "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Sent: Jan 3, 2018 8:44 PM
To: "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>; "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>; "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>; "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>
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From: Ken Kandeepan
To: Malle Hanslep (MOF); Thouin, Alena (ENERGY); Anna Strathy; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Tim Christie (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 11:53:48 AM
Attachments: FW EXTERNAL RE Waiver Process.msg

To clarify Malle, the waiver requested related to an issue date of Jan 15th, given that as per the attached email the date is now the 22nd no waiver is required.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, January 05, 2018 11:50 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Yes this would be my understanding based on the emails so far. They want to meet the 10 business day deadline for sending reference documents to the Province before their proposed transaction date. They have even requested that this time period be waived which would result in the Province having less time to these documents. As you know we haven't received a draft of the OM since November.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 11:44 AM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am little concerned that with a proposed date of Jan 22nd for the term deal, delivery today will ensure that the 10 business day expire on Jan 19th, whereas delivery on Monday means that the expiry is on the day of the deal itself. Cutting it too close.

Thanks

Ken k

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 11:34 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
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Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle

Perhaps it's worthwhile for you to place a call to Rima and ask what is driving today vs. Monday? Maybe she will be more forthcoming over a call?

Alena Thouin

Deputy Director, Legal Services

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 11:27 AM

To: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)

Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Veinot, Cindy (TBS)

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

I don't know exactly what the content of our conversation at 3pm will be so maybe we should consider whether today is the appropriate time for OPG to deliver these final documents, including the OM?

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 11:22 AM

To: 'Ramchandani, Rima'

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim

(ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=_E2eatPNZaQkHAKbaMe8etZ0qgkVUCNY_YO4TmEPvfQ&s=-Puz-FGasEGh2DanzowvhV5OQzCvvQ-OtdGNYS-gFb8&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: LEE John -TREASURY [john.s.lee@opg.com]
To: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Steen Hume (CAB) [Steen.Hume@ontario.ca]
Subject: FW: EXTERNAL – RE: Waiver Process
Date: Thursday, January 04, 2018 17:07:49

Ken/Steen:

Just a bit of an update, it appears that DBRS is unlikely to hit the earlier 15th date.
It is looking more likely that the marketing launch will fall back to the original target date of the 22nd.

John

-----Original Message-----
From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY
<john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV
<leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY
<lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV
<leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY
<lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Thouin, Alena (ENERGY); Anna Strathy; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Tim Christie (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 11:50:06 AM

Yes this would be my understanding based on the emails so far. They want to meet the 10 business day deadline for sending reference documents to the Province before their proposed transaction date. They have even requested that this time period be waived which would result in the Province having less time to these documents. As you know we haven't received a draft of the OM since November.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 11:44 AM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am little concerned that with a proposed date of Jan 22nd for the term deal, delivery today will ensure that the 10 business day expire on Jan 19th, whereas delivery on Monday means that the expiry is on the day of the deal itself. Cutting it too close.

Thanks

Ken k

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 11:34 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle

Perhaps it's worthwhile for you to place a call to Rima and ask what is driving today vs. Monday? Maybe she will be more forthcoming over a call?

Alena Thouin

Deputy Director, Legal Services

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 11:27 AM

To: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)

Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Veinot, Cindy (TBS)

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

I don't know exactly what the content of our conversation at 3pm will be so maybe we should consider whether today is the appropriate time for OPG to deliver these final documents, including the OM?

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 11:22 AM

To: 'Ramchandani, Rima'

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be "Substantially in the Form" (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=_E2eatPNZaQkHAKbaMe8etZ0qgkVUCNY_YO4TmEPvfQ&s=-Puz-FGasEGh2DanzowvhV5OQzCvvQ-OtdGNYS-gFb8&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB)

<Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Ken Kandeepan
To: "Thouin, Alena (ENERGY)"; Malle Hanslep (MOF); Anna Strathy; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Tim Christie (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 11:44:13 AM

I am little concerned that with a proposed date of Jan 22nd for the term deal, delivery today will ensure that the 10 business day expire on Jan 19th, whereas delivery on Monday means that the expiry is on the day of the deal itself. Cutting it too close.

Thanks

Ken k

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 11:34 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle

Perhaps it's worthwhile for you to place a call to Rima and ask what is driving today vs. Monday? Maybe she will be more forthcoming over a call?

Alena Thouin

Deputy Director, Legal Services

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 11:27 AM

To: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)

Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Veinot, Cindy (TBS)

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

I don't know exactly what the content of our conversation at 3pm will be so maybe we should consider whether today is the appropriate time for OPG to deliver these final documents, including the OM?

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 11:22 AM

To: 'Ramchandani, Rima'

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be "Substantially in the Form" (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=_E2eatPNZaQkHAKbaMe8etZ0qgkVUCNY_YO4TmEPvfQ&s=-Puz-FGasEGh2DanzowvhV5OQzCvvQ-OtdGNYS-gFb8&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Hanslep, Malle (MOF)
To: Ramchandani, Rima
Cc: Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 11:38:49 AM

Hi Rima,

Actually, if you don't mind I can give you a call now? Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=mlK2EDD4JuBAztYsCiybYB6CtpM-PNlaAXCle8TbGog&s=2qsw4Y4Sux_xmJEpilBNWgMtyXjm15kEOj5zB3gDWgs&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Hanslep, Malle (MOF)
To: Thouin, Alena (ENERGY); Ken Kandeepan; Anna Strathy; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Tim Christie (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 11:37:23 AM

Hi Alena,

Ok, I will call Rima now to see and then pass on to the group.

Thanks.

Malle

-----Original Message-----

From: Thouin, Alena (ENERGY)

Sent: January-05-18 11:34 AM

To: Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)

Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle

Perhaps it's worthwhile for you to place a call to Rima and ask what is driving today vs. Monday? Maybe she will be more forthcoming over a call?

Alena Thouin

Deputy Director, Legal Services

Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 11:27 AM

To: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)

Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Veinot, Cindy (TBS)

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

I don't know exactly what the content of our conversation at 3pm will be so maybe we should consider whether today is the appropriate time for OPG to deliver these final documents, including the OM?

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 11:22 AM

To: 'Ramchandani, Rima'

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be "Substantially in the Form" (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYquIJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=wMyWaVWQBJhDy4bzmqmdv5MhcdQ06SvIIKheEC_JQqQ&s=H6ZbAdNQjgxWkt9SccMyc_bq83VMEBJDmMSCzdBJ_UI&e=>

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY

<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Thouin, Alena (ENERGY)
To: Malle Hanslep (MOF); Ken Kandeepan; Anna Strathy; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Tim Christie (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 11:34:19 AM

Hi Malle

Perhaps it's worthwhile for you to place a call to Rima and ask what is driving today vs. Monday? Maybe she will be more forthcoming over a call?

Alena Thouin

Deputy Director, Legal Services

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 11:27 AM

To: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)

Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Veinot, Cindy (TBS)

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

I don't know exactly what the content of our conversation at 3pm will be so maybe we should consider whether today is the appropriate time for OPG to deliver these final documents, including the OM?

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 11:22 AM

To: 'Ramchandani, Rima'

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

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-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle

(CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
_____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Hanslep, Malle (MOF)
To: Ramchandani, Rima
Cc: Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 11:22:32 AM

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

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-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Tekle, Jonathan (MOF)
To: Malle Hanslep (MOF)
Cc: Tobias P. Whitfield (MOF); Anna Strathy; Ronald Kwan; David McLean (MOF); Mike Manning; David McLean (MOF)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 5:07:37 PM

Hi Malle,

Just confirming that Tory's hand delivered the transaction documents this afternoon to the DMO.

Did you receive electronic copies of the package as well?

Cheers,

Jonathan

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 11:38 AM

To: Ramchandani, Rima

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

Actually, if you don't mind I can give you a call now? Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be "Substantially in the Form" (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as

requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFl0Cr1_eykjn9FtiQ&r=lYqulJnqfxO5431Uw8ghWAHz6F3Pkl2znI7RPACN08&m=kABB6kLGANr3oRfk9Y71qoDqM9pLMDjbsITSaGLsjLQ&s=GWEtqPZsLV16zXbMmBzm1puJ_4NGwqAPw7W48TE2rOM&e=>

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy

<Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Katona, Keley (MOF)
To: Malle Hanslep (MOF)
Cc: Tobias P. Whitfield (MOF); Ronald Kwan; Michael Waterston (MOF)
Subject: RE: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Date: Wednesday, August 23, 2017 7:43:13 PM

Hi Malle,
We can ask OPG to include MoF legal on documents related to the guarantee. Enjoy your vacation!
Keley

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Date: Wednesday, Aug 23, 2017, 6:20 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>, Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, Waterston, Michael (MOF) <Michael.Waterston@ontario.ca<mailto:Michael.Waterston@ontario.ca>>
Subject: Re: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

Thanks Keley. I will be away on vacation until after Labour Day so please send all drafts to Toby Whitfield as lead MOF Counsel. I am not sure of the protocols surrounding communications with OPG so wondering if MOF Legal could be copied directly on emails that are sent to Blakes and Energy Legal as the Minister of Finance is party to the Guarantee in order to avoid any delays in reviewing legal materials. Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Katona, Keley (MOF)
Sent: Wednesday, August 23, 2017 18:05
To: Hanslep, Malle (MOF)
Subject: FW: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

FYI

From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Date: Wednesday, Aug 23, 2017, 5:48 PM
To: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>, RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>
Subject: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

Fyi
Docs forwarded to Carolyn and Blakes

Sent with BlackBerry Work (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=oloJ8IDuKsI0VlMBjTEQHGREiqzQ-K8fGqoMg6Q23wA&s=m2pAIfMjVGbtUbTkKTHMSHDz8jEzpaUP2uZvaKAcY7I&e= >)

From: "Ramchandani, Rima" <rramchandani@torys.com>
Sent: Aug 23, 2017 5:43 PM
To: "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>
Subject: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Cc: "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Leibel, Robbie" <rleibel@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>

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Steve, as requested, attached are our current working drafts of the Fair Hydro Master Trust Indenture and Master Transfer and Servicing Agreement. Please note that these drafts are still in progress and, in particular, are subject to revision to reflect comments from OPG and the broader working group, as well as finalization of the mechanics of the payment of the debt carrying costs during the moratorium period (which we understand are expected to be paid by the IESO and addressed in a new regulation).

Please let us know if you have any comments or questions on the attached. We are in the process of advancing the drafts of the DOT and management agreement and will forward those to you as soon as possible.

Best,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=oloJ8IDuKsI0VlMBjTEQHGREiqzQ-

K8fGqoMg6Q23wA&s=F6xOl8B9JYZqkz7R81IB4iSvENy4azpzr4VPjHzEHaQ&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=oloJ8IDuKsI0VlMBjTEQHGREiqzQ-K8fGqoMg6Q23wA&s=F6xOl8B9JYZqkz7R81IB4iSvENy4azpzr4VPjHzEHaQ&e= >

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From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Mike Manning; Ronald Kwan
Cc: Anna Strathy; Gadi Mayman; Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 1:22:15 PM

HI Ken,

I spoke with Nina and she is going to change it so that the principal amount # is removed from the re: line in the beginning part of the certificate and then the schedule for each will identify the principal amount advanced at closing tomorrow (the lower amount) and also that it is an initial draw on a facility that has the higher maximum aggregate amount. She said she realized that they have to give a process certificate each time they borrow/draw on it.

She will also add in something about the revolving nature and monthly interest payments and send us a revised version.

Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 20, 2017 12:12 PM
To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Strathy, Anna (OFA); Mayman, Gadi (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: EXTERNAL – Process Certificate

Thanks, the numbers relating to the senior and subordinated debt in the certificate don't reflect the asset purchase for tomorrow or the 2017 PAM in the Financing Plan, so I am a little puzzled. Note the numbers in the first version of the certificate sent this AM were in line with the above.

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate,

third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,
Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,
Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-0374

- and -

Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-1595

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM

To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is

necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.

2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Ken Kandeepan
To: Malle Hanslep (MOF); Mike Manning; Ronald Kwan
Cc: Anna Strathy; Gadi Mayman; Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 12:11:52 PM

Thanks, the numbers relating to the senior and subordinated debt in the certificate don't reflect the asset purchase for tomorrow or the 2017 PAM in the Financing Plan, so I am a little puzzled. Note the numbers in the first version of the certificate sent this AM were in line with the above.

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process

certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,
Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,
Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-0374

- and -

Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-1595

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel

Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Ken Kandeepan
To: Malle Hanslep (MOF); Mike Manning; Ronald Kwan
Cc: Anna Strathy; Gadi Mayman; Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 2:36:16 PM

Perfect, that works for me.

Thanks

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 1:22 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Process Certificate

HI Ken,

I spoke with Nina and she is going to change it so that the principal amount # is removed from the re: line in the beginning part of the certificate and then the schedule for each will identify the principal amount advanced at closing tomorrow (the lower amount) and also that it is an initial draw on a facility that has the higher maximum aggregate amount. She said she realized that they have to give a process certificate each time they borrow/draw on it.

She will also add in something about the revolving nature and monthly interest payments and send us a revised version.

Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 20, 2017 12:12 PM
To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Strathy, Anna (OFA); Mayman, Gadi (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: EXTERNAL – Process Certificate

Thanks, the numbers relating to the senior and subordinated debt in the certificate don't reflect the asset purchase for tomorrow or the 2017 PAM in the Financing Plan, so I am a little puzzled. Note the numbers in the first version of the certificate sent this AM were in line with the above.

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM

To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael

<mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,
Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,
Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>

Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
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Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance

7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-0374

- and -

Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7

Fax No.: (416) 325-1595

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words

proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF)

<Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	LAURETA LAPIRA May -TREASURY
To:	Ken Kandeepan; LEE John -TREASURY
Cc:	Mike Manning; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY; Tim Christie (ENERGY); Ronald Kwan
Subject:	RE: EXTERNAL – RE: Draft Fair Hydro Investor Presentation.
Date:	Wednesday, January 03, 2018 10:56:10 AM

Thanks Ken and happy new year to you! I hope you enjoyed your holidays!

All of your proposed changes have been incorporated into the latest draft of the presentation.

May

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, January 03, 2018 10:00 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: EXTERNAL – RE: Draft Fair Hydro Investor Presentation.

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Hi John

Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.

- Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC
- Page 25 - Change of law Process Agreement; I would add that the PAM is set and updated by the Financing Plan.

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY

<lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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From: Gadi Mayman
To: Tobias P. Whitfield (MOF); Ken Kandeepan
Cc: Malle Hanslep (MOF); Anna Strathy; Mike Manning; Ronald Kwan
Subject: RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
Date: Friday, December 15, 2017 1:26:25 PM

John Lee just called me. They've just heard from the Moody's who have decided that they will be capping the rating of the debt at the Province's level of Aa2 with a short term rating of P1. This is still confidential, obviously, but he wanted to let me know given that Mike's away today.

Gadi

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 12:19 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

FYI, I have not had a chance to discuss these changes with Stephen, but I think that if we want to consider them, time is of the essence. Please let me know if you would like to discuss any of the changes.

I would also suggest that we get back to Tory's to let them know that we think there is a cross referencing error that needs to be fixed, but I wanted to discuss whether we are going to raise any other comments at the same time.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Whitfield, Tobias P. (MOF)
Sent: December 15, 2017 9:38 AM
To: Mayman, Gadi (OFA); Kandeepan, Ken (OFA)
Cc: Hanslep, Malle (MOF); Strathy, Anna (OFA); Manning, Mike (OFA) (Mike.Manning@ofina.on.ca)
Subject: RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

There are a few changes, notably they reference the Process Agreement in the Protection Agreement, which may have consequences we were trying to avoid. They also don't pick up any of our comments, including some drafting/cross referencing errors. They also have added a Rating Agency Condition giving to any amendments or waivers of the Process Agreement.

We will discuss with Stephen and see if there are any other issues with the drafting changes we should note.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: December 15, 2017 7:08 AM
To: Kandeepan, Ken (OFA)
Cc: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Strathy, Anna (OFA)
Subject: Re: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

Any changes from what we gave to the Ministers for signature yesterday?

> On Dec 15, 2017, at 6:54 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Final versions
>
> Thanks
>
> Ken k
>
>
> Begin forwarded message:
>
> From: "LEE John -TREASURY"
> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> To: "Mike Manning"
> <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, "Ken
> Kandeepan"
> <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
> Subject: Fwd: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
>
> Fyi
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>
> Sent with BlackBerry Work
> (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Q-DWrSq1ZIqMOeVkSn0rBHmsCY0FtV8u7FY5zzXWBck&s=GA5FNdbOZX5WOSucpdfXmblIIkTSddR_TGoEGj4WJ7s&e=>)
> _____
> From: "Saulnier, Brett"
> <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>
> Sent: Dec 15, 2017 12:15 AM
> To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>;
> Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>;
> Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>;
> Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>;
> STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>;
> "VINER, JON" <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>;
> "PRESTAGE, JA"
> <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>; "PALMER,
> AARON" <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>
> Cc: WONG Leslie -LAWDIV
> <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY
> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY
> <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; "Feldman, Michael"
> <mfeldman@torys.com<mailto:mfeldman@torys.com>>; "Ramchandani, Rima"
> <rramchandani@torys.com<mailto:rramchandani@torys.com>>; "Mansoori,
> Nina" <nmansoori@torys.com<mailto:nmansoori@torys.com>>; "Olusoga,
> Yinka" <yolusoga@torys.com<mailto:yolusoga@torys.com>>
> Subject: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
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>
> All,
>
> Please find attached the latest drafts of the following documents:
>
>
> 1. Declaration of Trust
>
> 2. Management Agreement
>
> 3. Master Transfer and Servicing Agreement
>
> 4. IESO Security Agreement
>
> 5. IESO Acknowledgement and Indemnity Agreement
>
> 6. OPG Indemnity Agreement
>
> 7. Master Trust Indenture
>
> 8. Change of Law Protection Agreement
>
> 9. Change of Law Process Agreement
>
> 10. Warehouse Senior Supplemental Indenture
>
> 11. Warehouse Junior Supplemental Indenture
>
> 12. Warehouse Junior Subordinated Supplemental Indenture
>
> Thanks,
> Brett
>
> Brett Saulnier
> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto,
> Ontario M5K 1N2 Canada |
> www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Q-DWrSq1ZIqMOeVkSn0rBHmsCY0FtV8u7FY5zzXWBck&s=DrDjUzB_jN7fY5ATc5oM9gn54ueSNB3cGmFpoyLsa-I&e=
><https://urldefense.proofpoint.com/> v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp
> -253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg
> .com-257C45d86baa13094f7adf0508d5437a8ff2-257C962f21cf93ea449f99bf402e
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> BAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0m
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> c_o_tt8yAIQeZuAFXVeRQC7zhgjaf4&e= > [Torys
> LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelin> ks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26
> data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C45d86baa13094f7adf0508
> d5437a8ff2-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636489
> 117145332903-26sdata-3D1hM89VywhCV42SSImYGBwsjaKD31CFHyo7Ktdr6zELI-253
> D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9Fti
> Q&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=Yb2NPF90vMzMVG5A2rCP
> FPNHMn2X7itPBtAfCiNI8WA&s=eZtwfLruABmZ9c_o_tt8yAIQeZuAFXVeRQC7zhgjaf4&
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> <_Fair Hydro -- Management Agreement.docx> <_Fair Hydro -- Declaration
> of Trust.docx> <_Fair Hydro -- Master Transfer and Servicing
> Agreement.docx> <_Fair Hydro - IESO Security Agreement.docx> <_Fair
> Hydro -- Master Trust Indenture.docx> <_Fair Hydro - OPG Indemnity
> Agreement.doc> <_Fair Hydro - IESO Acknowledgement and Indemnity.doc>
> <_Fair Hydro -- Change of Law Protection Agreement.docx> <_Fair Hydro
> -- Change of Law Process Agreement.docx> <Senior Warehouse
> Supplement.docx> <Subordinated Warehouse Supplement.docx> <Junior
> Subordinated Warehouse Supplement.docx> <Blackline_Management
> Agreement.pdf> <Blackline - Declaration of Trust.pdf>
> <Blackline_Master Transfer and Servicing Agreement.pdf>
> <Blackline_IESO Security Agreement.pdf> <Blackline_Master Trust
> Indenture.pdf> <Blackline_OPG Indemnity.pdf> <Blackline_IESO
> Indemnity.pdf> <Blackline_Change of Law Protection Agreement.pdf>
> <Blackline_Change of Law Process Agreement.pdf> <Blackline_Senior
> Warehouse Supplement - Senior Warehouse Supplement.pdf>
> <Blackline_Warehouse Subordinated Supplement.pdf> <Blackline_Warehouse
> Junior Subordinated Supplement.pdf>

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From:	LEE John -TREASURY
To:	Ken Kandeepan
Cc:	WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); Malle Hanslep (MOF); David McLean (MOF); Anna Strathy; Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY)
Subject:	RE: EXTERNAL – RE: Waiver Process
Date:	Thursday, January 04, 2018 12:17:52 PM

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

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Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc’ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY

<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV
<leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY
<lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

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Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV
<leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY
<lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Tobias P. Whitfield (MOF); Mike Manning
Cc:	Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY); Michael Waterston (MOF)
Subject:	RE: EXTERNAL – RE: Waiver Process
Date:	Thursday, January 04, 2018 12:40:32 PM

Hi - Copying in some others on the email.

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: January-04-18 12:28 PM
To: Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
Subject: FW: EXTERNAL – RE: Waiver Process

If OPG has a workplan that has a target date of Jan 15th for a launch, I would think that they have final versions of additional transaction documents which would become reference documents under the terms of the Process Agreement and in accordance with the process set out in there.
i.e. underwriting agreement, supplemental term indenture, info memo and possibly a selling agreement

We have not received anything nor have we received the closing documents from the warehouse closing on Dec 20th.

I don't really understand why they are making the 10 day period a critical decision point for this discussion at this time without providing us with any other information.

Malle

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-04-18 12:18 PM
To: Kandeepan, Ken (OFA)
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

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To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF)

<Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: EXTERNAL – RE: Waiver Process

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Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
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Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

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Subject: RE: EXTERNAL – RE: Diligence Questions

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Rima

Rima Ramchandani

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Subject: RE: EXTERNAL – RE: Diligence Questions

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P. 416.865.7666

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Subject: RE: EXTERNAL – RE: Diligence Questions

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From: Ronald Kwan
To: John Kim
Subject: RE: EXTERNAL – **BOOKS OPEN** FAIR HYDRO TRUST
Date: Thursday, April 19, 2018 9:40:17 AM

And we should be prepared for more questions on what the spread is compared to previously assumed etc.

Ron

From: Ronald Kwan
Sent: April-19-18 09:39
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: EXTERNAL – **BOOKS OPEN** FAIR HYDRO TRUST

FYI

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: April-19-18 09:27
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: FW: EXTERNAL – **BOOKS OPEN** FAIR HYDRO TRUST

FYI
Book has been opened.

From: Burrows, Scott - Debt Capital Markets [mailto:Scott.Burrows@cibc.com]
Sent: Thursday, April 19, 2018 9:24 AM
To: Burrows, Scott - Debt Capital Markets <Scott.Burrows@cibc.com>
Subject: EXTERNAL – **BOOKS OPEN** FAIR HYDRO TRUST

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Books are now open for the previously announced 2018-2 **Fair Hydro Trust** debt offering. The offering consists of a minimum $300 million of senior notes that will have room to grow, with an expected term to maturity of 20 years. Spread guidance has been set at +110 bps (+/-3 bps) vs. the GoC curve.

Pricing is expected later today. CIBC is Joint Lead, Joint Bookrunner and Structuring Lead on this transaction.

Details of today's launch are as follows:

****BOOKS OPEN** FAIR HYDRO TRUST**

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	●% Senior Notes due May 15, 2038, Series 2018-2 (the "Series 2018-2 Senior Notes").
Expected Credit Ratings:	DBRS: AAA(sf) Moody's: Aa2(sf)
Principal Amount:	Minimum $300,000,000
Initial % of Aggregate Notes:	51%
Launch Date:	April 19, 2018
Pricing Date:	April 19, 2018
Settlement Date:	April 24, 2018 (T+3)
Term:	20 years

Expected Maturity Date:	May 15, 2038
Principal Payment Default Date:	May 15, 2040
Par Call Date:	November 15, 2037
Interest Rate:	●% per annum
Issue Spread:	+110 bps (+/-3 bps) versus Government of Canada curve interpolated between CAN 5% due June 1, 2037 and CAN 4% due June 1, 2041 +● bps (including a ● bps curve adjustment and +● bps delay adjustment), versus the CAN 5% due June 1, 2037 (priced at $● to yield ●%)
Issue Yield:	●%
Issue Price:	$● per $1,000 principal amount of Series 2018-2 Senior Notes.
Interest Payment Dates:	May 15 and November 15 or next business day
Use of Proceeds:	The proceeds from the Series 2018-2 Senior Notes Offering will be used to refinance $● of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement.
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-2 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.

Regards,
Scott

Scott Burrows | Managing Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto, ON, M5J 2S8| Tel: 416 956-3049| Cell: 416 786-4369 | Fax: 416 594-7760 |
scott.burrows@cibc.com

From: Burrows, Scott - Debt Capital Markets
Sent: Wednesday, April 18, 2018 2:13 PM
To: Burrows, Scott - Debt Capital Markets
Subject: **ANNOUNCED** FAIR HYDRO TRUST

CIBC World Markets, Goldman Sachs, and RBC Capital Markets are pleased to announce the 2018-2 debt offering for **Fair Hydro Trust ("FHT" or the "Issuer")**. The proposed senior notes will be offered by way of private placement in Canada.

CIBC is a Joint Lead and Joint Bookrunner on this transaction.

****INDICATIVE DEAL TERMS****

Offering Type: CAD Private
Offered Certificates: Senior Notes
Rating Agencies: DBRS/Moody's (presale reports will be available via Rating Agency websites)

Class Note	Balance	Term*	Subordination	DBRS/Moody's**	Benchmark
Senior Notes	C$●	20	49.00%	AAA(sf)/Aa2(sf)	GOC+
Subordinated Notes	C$●	20	10.00%	AA(sf)/Aa2(sf)	Placed with OPG
Junior Subordinated Notes	C$●	20	0.00%	A(sf)/Aa2(sf)	Placed with OPG

* Years
** Expected Credit Ratings

Expected Pricing: Week of April 16, 2018
Expected Settlement: Week of April 23, 2018

Business of the Issuer: Fair Hydro Trust (the "Issuer"), a special purpose trust established under the laws of the Province of Ontario, and caused to be established by Ontario Power Generation Inc. ("OPG"), as Financial Services Manager, has created a program providing for the offering and issuance of senior notes. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017*; the Province of Ontario announced its Fair Hydro Plan on March 2, 2017, which proposed to lower the average electricity bill for eligible customers by 25%.

Previous Issue: FHT last accessed the Canadian Debt Capital Markets in February 2018 with a 15.25 year $500 million 3.357% Senior Notes offering due May 15, 2033.

Regards,
Scott

Scott Burrows | Managing Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto, ON, M5J 2S8| Tel: 416 956-3049| Cell: 416 786-4369 | Fax: 416 594-7760 |
scott.burrows@cibc.com

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From:	Ken Kandeepan
To:	John Kim; Mike Manning
Cc:	Ronald Kwan
Subject:	RE: Energy on waiver
Date:	Thursday, January 04, 2018 4:23:46 PM
Attachments:	FW EXTERNAL RE Waiver Process.msg

No we don't and I communicated this to Tim Christie a little while ago. I am attaching an email from John which makes the whole waiver issue moot.

From: John Kim
Sent: Thursday, January 04, 2018 4:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Energy on waiver

Hi Ken, Mike,

Energy was inquiring whether we had a view on providing a waiver for being provided documentation 10 business days prior to the FHT's bond issue. Energy staff noted that it would be a difference of whether they go on the market on the 22nd or the 15th. Energy haven't fully considered either way.

Do you have a view on this?

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: LEE John -TREASURY [john.s.lee@opg.com]
To: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Steen Hume (CAB) [Steen.Hume@ontario.ca]
Subject: FW: EXTERNAL – RE: Waiver Process
Date: Thursday, January 04, 2018 17:07:49

Ken/Steen:

Just a bit of an update, it appears that DBRS is unlikely to hit the earlier 15th date.
It is looking more likely that the marketing launch will fall back to the original target date of the 22nd.

John

-----Original Message-----
From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY
<john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV
<leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY
<lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV
<leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY
<lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Mike Manning
To: John Kim; Ken Kandeepan
Cc: Ronald Kwan
Subject: RE: Energy on waiver
Date: Friday, January 05, 2018 9:01:16 AM

Hi John:
Ignoring the issue of a waiver, I think it would be good to get the Fair hydro bond issue done sooner rather than later, but I think we'd want them to be able to meet all the new documentation requirements as outlined in the Change of Law Process Agreement, etc. Overall, getting the deal done in January would be a good outcome, with the 15th or 22nd probably not mattering too much. Having said that, in response to Ken's email. It looks like the 22nd wins by default.

Mike

From: John Kim
Sent: Thursday, January 04, 2018 4:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Energy on waiver

Hi Ken, Mike,

Energy was inquiring whether we had a view on providing a waiver for being provided documentation 10 business days prior to the FHT's bond issue. Energy staff noted that it would be a difference of whether they go on the market on the 22nd or the 15th. Energy haven't fully considered either way.

Do you have a view on this?

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: Ronald Kwan
To: Gadi Mayman
Subject: RE: FHP Debt Issuance
Date: Tuesday, February 06, 2018 7:01:45 PM

Hi Gadi,

Well, even tighter than OPG's spread last year!

Ron

From: Gadi Mayman
Sent: February-06-18 18:51
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Re: FHP Debt Issuance

92 over Canada bonds, and 23 over Ontario.

Gadi

On Feb 6, 2018, at 6:17 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> What was the spread on the FHP debt issuance?
>
> Ron

Debt markets show approval for Fair Hydro Plan financing

06.02.2018 David Hains Environment and Energy,
Investors gave Ontario Power Generation a boost as they piled into bonds sold for the province's Fair Hydro Plan.
OPG issued $500 million worth of debt on Tuesday, earning a low interest rate of 3.357 per cent from markets hungry for a safe investment.
Ratings agency DBRS gave the debt security a triple-A rating, while Moody's gave slightly less than its top grade, declaring it to be Aa2.
The debt issuance came amid a roller coaster market that saw the Dow Jones fall by more than 1,000 points yesterday, its largest one-day decline in six years. But OPG, which pitched the investment to investors last week on a road show that took them to Montreal, Toronto, Winnipeg

and Vancouver, decided to pull the trigger to send the debt to market.
The funds will help pay for the province's Fair Hydro Plan, which was passed by the majority Liberal government in June 2017. A large part of the plan effectively reduced short-term hydro bills by deferring some costs to future bills. A complicated security was created to finance the plan, and it came in for criticism from Ontario's auditor general for, in her analysis, adding $4 billion in costs in order to keep the proposal off of the government budget. Officials from the Treasury Board and Ministry of Energy said at the time that it was not the case, and they were being diligent about following proper procedure.
Energy Minister **Glenn Thibeault** praised the debt issuance and the government's hydro plan in a statement.
"Today’s announcement by Ontario Power Generation (OPG) regarding the successful issuance of secured debt in relation to Ontario’s Fair Hydro Plan is a positive sign that our plan is working."
The 3.357 per cent effective interest rate is a strong one for OPG, and bodes well for keeping the borrowing costs for the Fair Hydro Plan low. The rate is 15 basis points lower than Toronto Hydro, OPG noted, and more competitive than industry peers.
In a conference call, OPG said that the final interest rate was slightly better than expectations. The ministry of energy previously stated that they expect a 4.5 per cent average interest rate over the lifetime of the debt issuance for the security.
OPG plans to issue debt tranches two to three times a year to secure $300 million to $500 million worth of debt each time. Bond durations will vary, but the first issuance is 15.25 years.
A second round of financing is anticipated in the second quarter of 2018.
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From: Ronald Kwan
To: Gadi Mayman
Subject: RE: FHP Debt Issuance
Date: Tuesday, February 06, 2018 7:27:25 PM

Hi Gadi,

For sure.

Ron

From: Gadi Mayman
Sent: February-06-18 19:07
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Re: FHP Debt Issuance

Way tighter. Also much tighter than Hydro One trades to us, even though they trade well through OPG. It's the partial guarantee that is driving in the spread, and the overcollateralization inherent in the securitized structure

On Feb 6, 2018, at 7:01 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Gadi,
>
> Well, even tighter than OPG's spread last year!
>
> Ron
>
> ---
>
> **From:** Gadi Mayman
> **Sent:** February-06-18 18:51
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** Re: FHP Debt Issuance
>
> 92 over Canada bonds, and 23 over Ontario.
>
> Gadi
>
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> > Hi,
> >
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slightly better than expectations. The ministry of energy previously stated that they expect a 4.5 per cent average interest rate over the lifetime of the debt issuance for the security.

OPG plans to issue debt tranches two to three times a year to secure $300 million to $500 million worth of debt each time. Bond durations will vary, but the first issuance is 15.25 years. A second round of financing is anticipated in the second quarter of 2018.

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From:	Hanslep, Malle (MOF)
To:	LEE John -TREASURY; Ronald Kwan; Ken Kandeepan
Cc:	HAHN PARKER Janet -TREASURY; LAURETA LAPIRA May -TREASURY; GRECO Clara -LAWDIV; LAURETA LAPIRA May -TREASURY
Subject:	RE: FHP: Delivery of COLPA OPG Process Certificate
Date:	Tuesday, March 20, 2018 12:28:49 PM

Thanks John.

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: March 20, 2018 12:20 PM
To: Kwan, Ronald (OFA); Hanslep, Malle (MOF); Kandeepan, Ken (OFA)
Cc: HAHN PARKER Janet -TREASURY; LAURETA LAPIRA May -TREASURY; GRECO Clara -LAWDIV; LAURETA LAPIRA May -TREASURY
Subject: FW: FHP: Delivery of COLPA OPG Process Certificate

fyi

From: HAHN PARKER Janet -TREASURY **On Behalf Of** LEE John -TREASURY
Sent: Tuesday, March 20, 2018 12:17 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: FHP: Delivery of COLPA OPG Process Certificate

Alena,

Attached is the Process Certificate of the CFO and Treasurer of Ontario Power Generation Inc., in its capacity as Financial Services Manager, pursuant to section 3.01 of the **Change of Law Process Agreement** made December 21, 2017 between OPG and the Province. This was delivered by fax to the Minister and Deputy Minister of Energy today.

John Lee
Vice President, Treasurer
Ontario Power Generation Inc.
416 592-6392
john.s.lee@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED

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From: Ronald Kwan
To: John Kim
Subject: RE: Fair Hydro Business Issues
Date: Wednesday, June 28, 2017 2:35:17 PM

Hi John,

Are you able to attend? I wouldn`t want to make it too big, as it's a small room.

Ron

-----Original Appointment-----
From: Hresa Gavaris
Sent: June-26-17 10:47
To: Hresa Gavaris; Gadi Mayman; Ronald Kwan; Ken Kandeepan; James Devine; Carlos Yep; Anna Strathy; Scott Nelms (ENERGY); Gavin He
Cc: Anis Hirani
Subject: Fair Hydro Business Issues
When: June-28-17 15:00-15:30 (UTC-05:00) Eastern Time (US & Canada).
Where: Capital Markets Boardroom, 14th Floor, 1 Dundas St W

From:	Saulnier, Brett
To:	VINER, JON; Thouin, Alena (ENERGY); Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mike Manning; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Mark Donaldson (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan; Huang, Jackson (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); Gadi Mayman
Cc:	LEE John -TREASURY; "ken.ryfa@opg.com"; WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Mansoori, Nina; Ramchandani, Rima; Feldman, Michael
Subject:	RE: Fair Hydro Trust - Disclosure Documents
Date:	Sunday, January 21, 2018 3:08:31 PM
Attachments:	_Fair Hydro Trust - Confidential Offering Memorandum.DOCX Blackline_Fair Hydro Trust - Confidential Offering Memorandum.pdf _Fair Hydro - Series 2018-1 Senior Notes Term Sheet.DOCX Blackline_Series 2018-1 Senior Notes Term Sheet (Fair Hydro Trust).pdf _Fair Hydro Trust - Agency Agreement.docx Blackline_Fair Hydro Trust - Agency Agreement.pdf Fair Hydro Trust Investor Presentation - Jan 19.pdf

All,

For your records, please find attached the final versions of the offering memorandum, indicative term sheet and investor presentation. I have also attached the latest version of the Agency Agreement, which is final subject to filling in notice information. I have included blacklines of the OM, term sheet and agency agreement against the versions that were last circulated.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Saulnier, Brett
Sent: January-17-18 1:31 AM
To: 'VINER, JON' <JON.VINER@blakes.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>

Subject: RE: Fair Hydro Trust - Disclosure Documents

All,

Please find attached revised versions of the Offering Memorandum and Term Sheet. We have accepted the majority of the Province's comments where appropriate and I have included blacklines of each document against the version circulated by Jon below. The attached also reflect comments received from the IESO and some additional clean-up changes made since the documents were provided to the Province on January 5.

In the interest of time, we are circulating these drafts to all parties concurrently. Accordingly, they remain subject to review and comment by OPG, IESO, the dealers and their respective counsel.

Thanks,
Brett

Brett Saulnier

From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: January-16-18 10:48 AM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>
Subject: Fair Hydro Trust - Disclosure Documents

All,

Please find attached the Province's comments on the offering memorandum, investor presentation and term sheet. We do not have comments on the additional documents circulated on January 5th.

Please let us know if you would like to discuss.

Kind regards,
Jon

Jon Viner
Associate

jon.viner@blakes.com
Dir: 416-863-2499

———————————

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The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement — January 22, 2018

FAIR HYDRO TRUST

Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (together with the regulations promulgated thereunder, the "**FHPA**"). Under the FHPA, OPG is appointed as financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this

confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended, supplemented, restated or otherwise modified from time to time.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the

investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page 95 of this confidential shelf offering memorandum. An index of defined terms used in this confidential shelf offering memorandum specifying on which page such terms are defined is provided starting on page 107 of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 16
ONTARIO'S FAIR HYDRO PLAN 20
CHANGE OF LAW PROTECTION AGREEMENT 26
THE ISSUER 31
THE MANAGER 33
SUBORDINATED DEBT 35
SHORT TERM INDEBTEDNESS 36
THE TRANSFEROR AND SERVICER 36
CREDIT RATINGS 39
RATING AGENCY CONDITION 39
CAPITAL MARKETS PLATFORM 39
DESCRIPTION OF SENIOR NOTES 63
DEPOSITORY SERVICES 66
PLAN OF DISTRIBUTION 67
RISK FACTORS 68
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 80
LANGUAGE OF DOCUMENTS 83
RESTRICTIONS ON RESALE 84
REPORTING REQUIREMENTS 84
STATUTORY RIGHTS OF ACTION 85
INDENTURE TRUSTEE 94
LEGAL MATTERS 94
GLOSSARY 95
INDEX OF DEFINED TERMS 107
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 109
EXHIBIT 1 – INVESTOR PRESENTATION 110

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*, *"Subordinated Debt"* and *"Risk Factors"* of this confidential shelf offering memorandum and *"Fair Allocation Amount"*, *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"* and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval of all Series.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO in performing their respective obligations under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Power outages could impair payment of the Senior Notes.
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.
- If any Electricity Vendor or the IESO were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against such Electricity Vendor or the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS, AND THEIR RESPECTIVE REPRESENTATIVES, TO WHOM IT IS TRANSMITTED, SOLELY TO ENABLE SUCH PERSONS TO EVALUATE AN INVESTMENT IN THE NOTES DESCRIBED IN THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM. BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with a future Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer

nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page 95 of this confidential shelf offering memorandum. An index of defined terms used in this summary is provided starting on page 107 of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) or of the IESO. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG, IESO or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See "*— Change of Law Protection Agreement*".
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "FHPA"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[1] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[2] for that period. Under the FHPA, OPG is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA. See "*Ontario's Fair Hydro Plan — Background*".

[1] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[2] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of Series, in one or several Offerings. A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the Master Trust Indenture, as supplemented by a Supplemental Indenture authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a non-share corporation established under the *Electricity Act, 1998* (Ontario). As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy. The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market. Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). Pursuant to the Master Transfer and Servicing Agreement, the IESO may, on a monthly basis, offer to Transfer specified portions of the Regulatory Asset to the Issuer in accordance with the FHPA. See "*The Transferor and Servicer*".
Investment Interest:	Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.
Clean Energy Adjustment:	The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager and will be converted by the OEB into a cent per kWh rate and added to the electricity invoices sent to Specified Consumers. See *"— Statutory Duties of the OEB"* below. The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs (including interest and principal on the Senior Notes), derivative payments, required reserve account deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount will also reflect any historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. Based on the Fair Allocation Amount determined and provided by the Province, from July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment of interest on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*. Amounts so contributed by the IESO are not available to pay principal on the Senior Notes.

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs until July 31, 2021:

The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest.

As security for the performance of the IESO's obligation under the Regulations to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount & Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See "*— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g.

OEB licensees) in Ontario's electricity market, including the activities of transmitters and distributors as well as the IESO (all of whom are Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided by the IESO to the OEB. See *"The Transferor and Servicer"*.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*The Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA requires Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of the Issuer and any other Financing Entities that may be established, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts and hold such amounts in trust for the benefit of the Financing Entities until remitted to the IESO for the benefit of the Financing Entities (initially, only the Issuer). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required is based on a formula as set out in the Master Transfer and Servicing Agreement and will be equal to: (a) the product of (i) 50% of estimated Clean Energy Adjustment amounts that are to be collected over a twelve-month period by all such non-investment grade rated Electricity Vendors, and (ii) a fraction equal to 45/365 (representing the 45-day period during which funds are expected to be held by such non-investment grade rated Electricity Vendors prior to being remitted to the Issuer); or (b) such

other lesser amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. See *"The Electricity Industry in Ontario — Key Industry Participants — Ontario Power Generation Inc."* and *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of the Financing Entities (of which the Issuer is currently the only one), to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of the Financing Entities (of which the Issuer is currently the only one) and remit such amounts on a monthly basis, subject to daily remittance being required in certain limited circumstances. Pursuant to the Master Transfer and Servicing Agreement, monthly remittances of amounts received in respect of the Clean Energy Adjustment will occur on the 18th business day of each calendar month. In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts and

fulfilling certain additional reporting requirements. Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which includes payments of amounts that are due and payable in respect of Senior Notes), although the amount of the Province of Ontario's payment obligations in a particular period may differ depending on whether an Acceleration has occurred. See *"Change of Law Protection Agreement"*. The Issuer and the Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See "*Capital Markets Platform*".

Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change of Law Protection Agreement.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the Act or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the Act or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and

subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture (in effect as of the date hereof). See *"Capital Markets Platform — Acceleration and Remedies — Rights of Specified Creditors"*.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include

inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including all Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of Clean Energy Costs in proportion to the relative attribution of the value of Clean Energy Benefits among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations

should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation that is issued is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

Use of Proceeds:

The proceeds from each Offering may be used for one or more of the following purposes: (i) to acquire an Investment Interest pursuant to the FHPA and the Master Transfer and Servicing Agreement, (ii) to refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) to pay Offering and related costs of the Issuer and (iv) to fund specific reserve accounts as required.

The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.

Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement

or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for Senior Funding Obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for Subordinated Funding Obligations;
- payments of or accumulations in respect of interest for Junior Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Warehouse Obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for Senior Funding Obligations (other than Warehouse Obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on Senior Funding Obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Junior Subordinated Funding Obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for Subordinated Funding Obligations or Junior Subordinated Funding Obligations);
- replenishment of Series Accounts established for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Junior Subordinated Funding Obligations;
- replenishment of Series Accounts established for Junior Subordinated Funding Obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on Senior Funding Obligations and payments under derivative agreements (other than termination payments), *pari passu*, then Subordinated Funding Obligations (other than principal) and then Junior Subordinated Funding Obligations (other than principal);
- principal for Warehouse Obligations;
- *pari passu*, principal on Senior Funding Obligations (other than Warehouse Obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for Subordinated Funding Obligations and then Junior Subordinated Funding Obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 units of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior

	Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The following summary of the electricity industry in Ontario does not purport to be comprehensive or definitive. It is a general and high-level overview of the historical context and the current manner in which the industry operates, including how real-time energy supply needs are met.

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydroelectric, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from large generating facilities to local distribution systems and large transmission-connected consumers, as well as to and from inter-jurisdictional entities; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses, as well as the delivery of electricity from small distribution-connected generating facilities, using low voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive wholesale electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes, along with the transmission and distribution system investments needed to support these changes, have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of smaller scale wind and solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be scheduled and dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy by certain domestic loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Most generators in Ontario also have bilateral contracts with the IESO (i.e. power purchase agreements) and one large generator, OPG, receives OEB-regulated prices, or payment amounts, that provide for payments in addition to wholesale market settlements that are paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario). The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold the generation assets of the former Ontario Hydro. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power facility. OPG's mandate is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for a significant portion of the total energy generated and injected into Ontario's electricity transmission system. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for managing the reliability of the provincial transmission system and operating the wholesale electricity markets in Ontario. The OPA was formed to plan the provincial power system and to procure electricity resources. The OPA entered into bilateral power or capacity purchase contracts with generators and other electricity resource providers. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial administrative tribunal and public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors. The IESO and distributors are Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures affecting regulated assets and regulated entities, such as distributors and transmitters. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, as well as institutions such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB.

The following diagram depicts the flow of funds between the key industry participants:

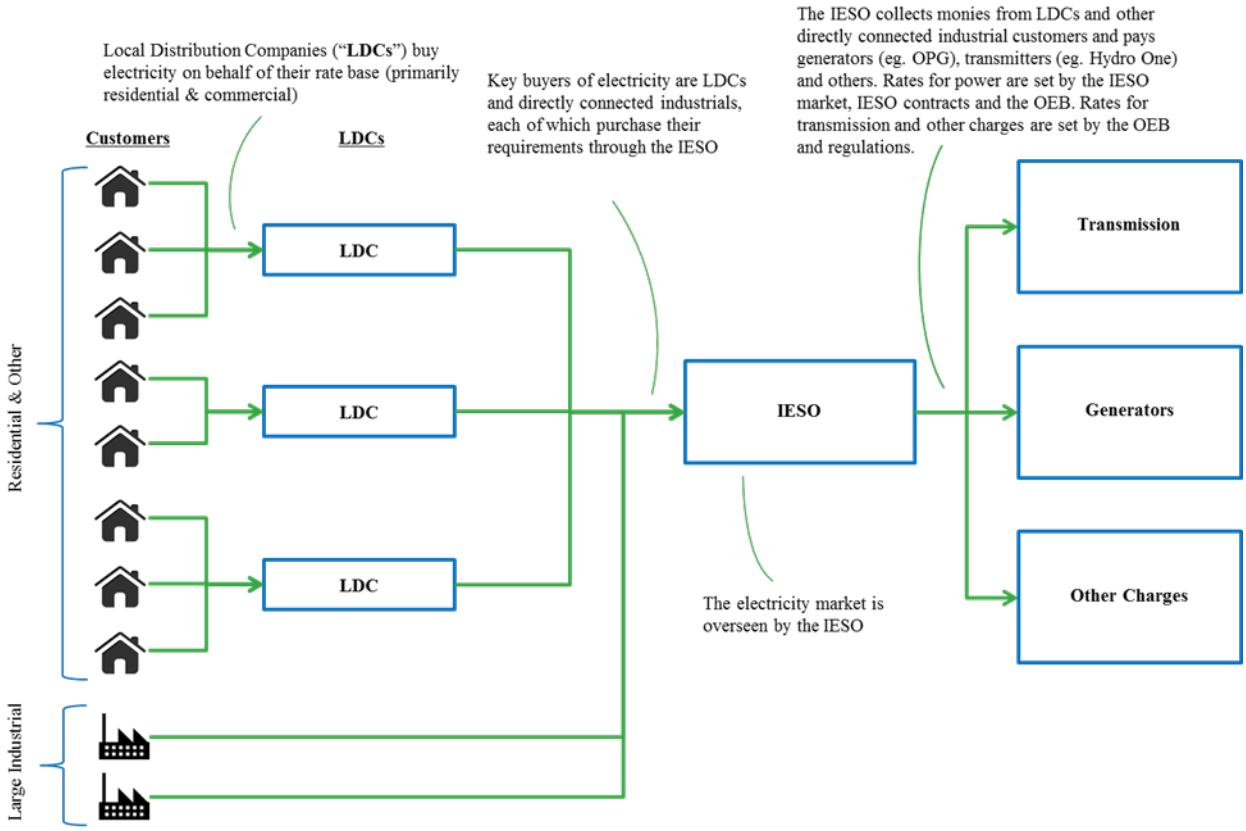

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is established monthly by the IESO in accordance with regulations and is the amount of money necessary to pay certain other costs to generators and other suppliers that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to OPG pursuant to OEB-established payment amounts.

Prior to the FHPA being passed, the amount collected generally over an annual basis by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's current payables to generators and other electricity resource suppliers, subject to certain periodic true-ups, fees and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices primarily for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months by the OEB based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most

Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from an OEB-licensed retailer pursuant to a retail contract that provides a rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the FHPA. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[3] less than the rate that would otherwise have been determined by the OEB for that period absent Ontario's Fair Hydro Plan (such adjustment, together with the further adjustments described below in this section, the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

[3] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, the amounts charged to the IESO by the Issuer in respect of the Carrying Costs of the Issuer, when applicable, and certain other amounts in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from Specified Consumers before May 1, 2021. The IESO may, in accordance with the FHPA, Transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that gives rise to the Regulatory Asset and, as an owner of the Investment Interest, will be entitled to recover its Finance Amount (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest by accepting a Transfer of the corresponding specified portion of a Regulatory Asset, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the Transfer of a specified portion of the Regulatory Asset from the IESO, such Transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Financing Entities that own an Investment Interest (among other things):

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment,

including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers to cover the cost of financing the shortfall that gives rise to the Regulatory Asset. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer , or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that are payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a Funding Obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) amounts received during the period in respect of Carrying Costs;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. The True-up Amount is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount will also reflect any historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period based on forecast information provided by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the Financing Entities (of which the Issuer is currently the only one), amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the Financing Entities (of which the Issuer is currently the only one) until remitted

to the IESO for the benefit of the Financing Entities (of which the Issuer is currently the only one). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay to the Issuer under the Regulations during such period. See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

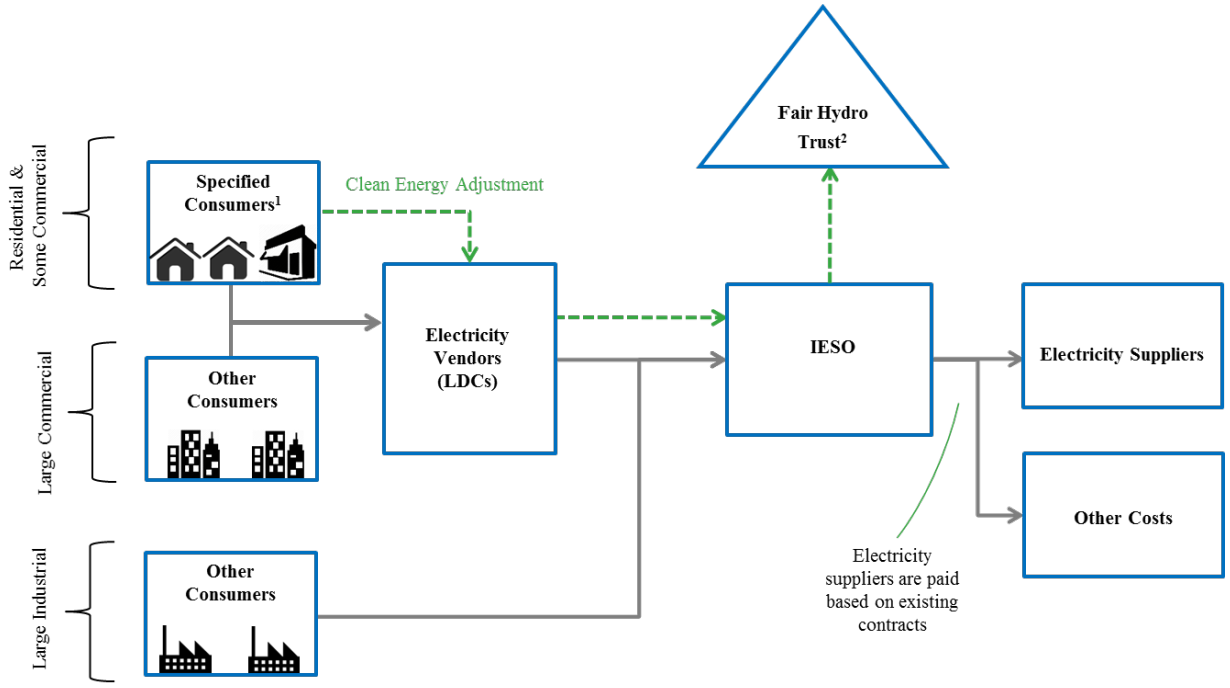

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, once applicable, directly to the IESO.

[2] Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer for a corresponding purchase price. Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset following payment by the Issuer of the corresponding purchase price, the Issuer will acquire an Investment Interest.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers. Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation that is issued is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Payment of Carrying Costs until July 31, 2021

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes). The amounts paid by the IESO to the Issuer to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest pursuant to the FHPA.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer. Furthermore, as security for the performance of its obligations under the Regulations to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account. The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period, divided by the number of months in such Reference Period. See *"Capital Markets Platform — Acceleration and Remedies — Limitation on Available Amounts on Acceleration"* for a description of the amounts that would be available to be paid under the Master Trust Indenture in such circumstances.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Senior Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the Act or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the Act or any portion thereof, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued, provided that for purposes of determining voting rights with respect to Notes, Notes in which the Province of Ontario has an interest will be deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change of Law Protection Agreement.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the

Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including the Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document to which the Limited Guarantee applies and which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Issuer Trustee is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See "*The Manager.*"

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

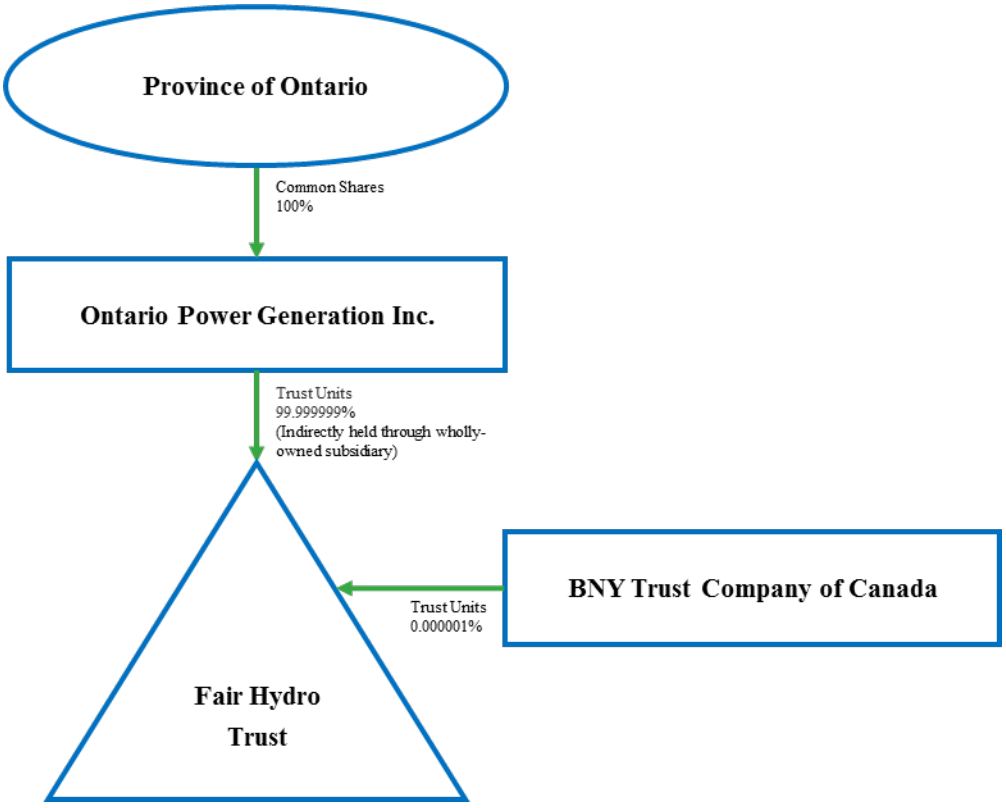

THE MANAGER

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, the Manager (on behalf of the Issuer) shall review, or cause to be reviewed,

on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors — Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross

negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximately 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

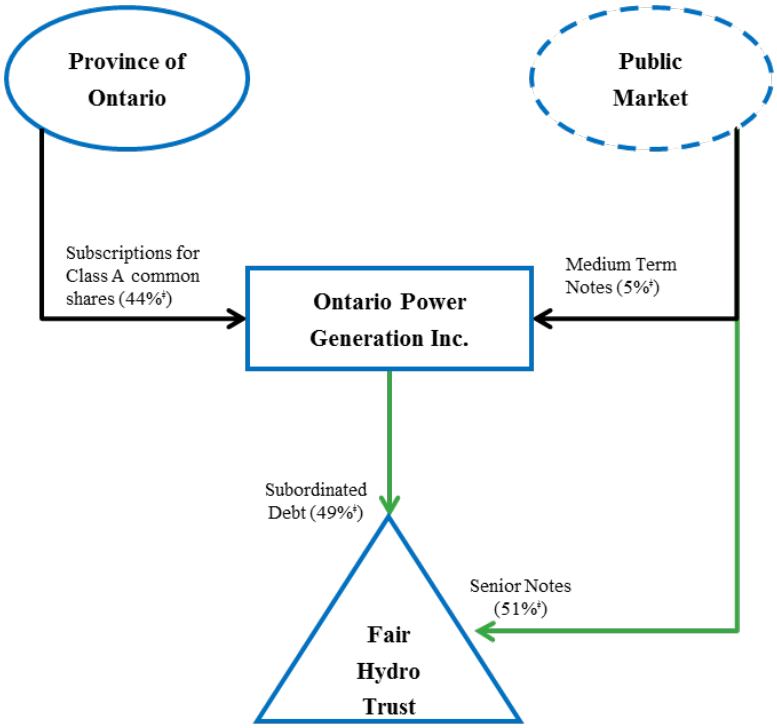

ǂ OPG is expected to acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(a) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(b) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(c) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest on December 21, 2017.

THE TRANSFEROR AND SERVICER

Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to Transfer to the Issuer a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of receiving the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts received in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on the 18th business day of each month, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) providing forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period.

The IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions. The Master Transfer and Servicing Agreement provides for various limitations on the duties and responsibilities of the IESO including that: (i) the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, (ii) the IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Investment Interest, the collectability of the Clean Energy Adjustment or that Clean Energy Adjustment amounts received will be sufficient to satisfy the Issuer's Funding Obligations, (iii) the IESO shall have no liability or responsibility to any person in respect of any forecasts or other information provided, provided only that such forecasts or other information has been prepared and provided in good faith and (iv) the IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from Specified Consumers or not remitted by Electricity Vendors to the IESO. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"* and *"Ontario's Fair Hydro Plan — Other Statutory Protections"* with respect to the manner in which the risks associated with incorrect forecasts by the IESO, and shortfalls in Clean Energy Adjustments as a result of amounts not being collected by Electricity Vendors or remitted by Electricity Vendors, are mitigated.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA, including its obligation to pay the Carrying Costs to the Issuer.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations

of the Issuer, including repayment of principal on the Senior Notes. Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer.

As security for the performance of its obligation to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for Transfer to the Issuer in a subsequent period. Upon completion of such Transfer, the Issuer will acquire an Investment Interest pursuant to the FHPA.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors or such other number as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program

Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement or the FHPA (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the

principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material

conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and

deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a

specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all

amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall. Amounts in the Program Cash Reserve Account will be available to pay interest and principal on the Senior Notes.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible

Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "*— Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "*— Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference

to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying

its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel, each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized,

executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined based on the extent, if any, to which the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF SENIOR NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this *"Description of Senior Notes"* section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s), if any, and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;
- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and
- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) or of the IESO. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will

also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Payment Dates on which such amounts are to be accumulated for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than an expected Principal Payment Date if an optional redemption occurs and may receive principal payments later than an expected Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on an expected Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit were successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA should no longer be law in Ontario or that the FHPA should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA referenced in the previous paragraph were amended or repealed through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Crown, nor may an order for execution or attachment be made against the Crown, although the remedy of damages is available. Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior

Notes, and the Issuer must rely for payment of all of its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs to the Issuer. The amounts paid by the IESO with respect to Carrying Costs cannot be applied on account of principal on the Senior Notes. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Carrying Costs to the Issuer. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring September 30, 2022, which can be used to pay the Carrying Costs to the Issuer. There can be no assurance that the IESO will continue to have sufficient funds available to pay the Carrying Costs to the Issuer during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay the Carrying Costs to the Issuer and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior Notes, and the Issuer must rely on the IESO for the funds necessary to pay its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs to the Issuer. Amounts paid by the IESO are not available to pay principal on the Senior Notes. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and

- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA, rights to enforcement of the FHPA and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the

Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring Investment Interests. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the Transfer by the IESO of specified portions of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, the Investment Asset will be co-owned by all Financing Entities (including the Issuer) and consequently Clean Energy Adjustment amounts collected by or for the benefit of the Financing Entities will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA and the Master Transfer and Servicing Agreement impose new duties and obligations on the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Master Transfer and Servicing Agreement. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or providing forecast information, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or

reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.

The FHPA imposes new duties and obligations on OPG, as Financial Services Manager, and the Program Agreements impose new duties and obligations on OPG, as Manager. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA, including determining the Clean Energy Adjustment (inclusive of the True-up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated based upon a forecast of Specified Consumer usage to be newly developed based on forecast information provided by the IESO. Under the Regulations, the IESO is required to provide forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period. The amount of the Clean Energy Adjustment collected in any period will depend in part on actual electricity usage by Specified Consumers and the amount of collections and write-offs for Specified Consumers. If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. The FHPA does not require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in FHPA. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment. The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-up Amount. Until such adjustments are made or, if those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to provide indemnification, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20° Celsius. Winters include snow and icy conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization,

if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.

Ordinarily, the interests of the Issuer as acquirer of an Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time the corresponding Regulatory Asset was Transferred to the Issuer. This could reduce the amounts that may be available to the Issuer in respect of the Investment Interest and, consequently, the holders of Senior Notes. Section 27(3) of the Act provides that at the time of the Transfer of the Regulatory Asset to a Financing Entity, such Transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the Act provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the Transfer and the property rights and interests acquired by the Transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the Act in such circumstances is untested. The Transfers of the Regulatory Asset to the Issuer will be made in accordance with section 26 of the Act. Section 27(1) of the Act provides that a Transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Transferee. Therefore, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Regulatory Asset. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO or such Electricity Vendor may be significantly impaired or delayed.

Under the Master Transfer and Servicing Agreement, collections received by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See "*Rating Agency Condition*".

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior

Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities

laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Capital Markets Platform — Covenants of the Issuer — Financial Statements; Statement as to Compliance"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of

an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum (which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference herein), together with any amendments hereto (which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference therein), or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action may be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any

misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference herein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference herein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference herein, not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the *Securities Act* (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer or the selling security holder on whose behalf the distribution is made. "Misrepresentation" means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer and selling security holder will be liable if the person proves that:

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

  (iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that:

    (A) there had been a misrepresentation; or

    (B) the relevant part of the confidential shelf offering memorandum:

      a. did not fairly represent the report, statement or opinion of the expert, or

      b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) while still an owner of the Senior Notes, a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, with respect to a Funding Obligation, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Act**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Change of Law Protection Agreement**" means the change of law protection agreement dated as of December 21, 2017 among the Province, the Issuer and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**Crown**" means Her Majesty the Queen in Right of Ontario.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as amended, supplemented, restated or otherwise modified from time to time.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under "*Capital Markets Platform — Security — Issuer Accounts*".

"**Euroclear**" has the meaning set out under "*Depository Services . — DTC, Euroclear and Clearstream, Luxembourg*".

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Entity**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligations**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations,

exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on page (iii) of this confidential shelf offering memorandum.

"**Issuer**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" means the management agreement dated as of December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Manitoba"*.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**NI 31-103**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**NI 45-106**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their

capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Offering Jurisdiction**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**OPA**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO*.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month or, if such day is not a business day, the next business day.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Saskatchewan"*.

"**Section 130.1**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Ontario"*.

"**Section 150**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in New Brunswick"*.

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning specified in the *Ontario Fair Hydro Plan Act, 2017*, and "**Transferred**" and "**Transferee**" shall have corresponding meanings.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" has the meaning set out under *"The Issuer"*.

"**U.S. Securities Act**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

INDEX OF DEFINED TERMS

Acceleration Event 95
Acceleration 95
Act 95
Adherence Compliance Certificate 29
Adverse Effect 41
Agency Agreement 67
Agents ii
Approved Obligation 7, 28
Available Collections 45
Borrowing 95
Canadian Insolvency and Restructuring Laws 70
Carrying Costs 95
CDS ii
Certified Primary Obligation 7, 28
Change of Law Protection Agreement 95
Class 44
Clean Energy Adjustment 22
Clean Energy Benefits 96
Clean Energy Costs 96
Clean Energy Initiative 96
Clearstream, Luxembourg 67
Collateral 45
Collection Account Waterfall 47
Collection Account 45
Commissions 83
Confidential Information vii
Controlling Class Creditors 96
Controlling Class Obligations 97
Co-Owner Agreement 97
Crown 97
DBRS 97
Debtholder Group 57
Debtholder 97
Declaration of Trust 97
Default 97
depository 66
Derivative Counterparty 97
Derivative Funding Obligations 97
DTC 67
Electricity Vendor 97
Eligible Deposit Account 45
Eligible Institution 97
Eligible Investments 98
Eligible Securities Account 45
Euroclear 67
Event of Default 59
Extraordinary Resolution 57
Fair Adjustment 20
Fair Allocation Amount 25
FHPA i
Finance Amount 22
Financial Services Manager i
Financing Entity i
Financing Plan 99
Funding Obligation Agreement 99
Funding Obligations i
Governmental Authority 99
HOEP 19
IESO Cash Reserve Account 45
IESO Cash Reserve Deposit Amount 99
IESO Cash Reserve Required Amount 99
IESO Security Agreement 100
IESO 2, 99
Indemnity Agreement 100
Indenture Trustee 100
Indenture 100
Interest Accrual Amount (Junior Subordinated) 100
Interest Accrual Amount (Senior) 100
Interest Accrual Amount (Subordinated) 100
Interest Accumulation Account 45
Interest Payment Date 100
Investment Asset 21
Investment Interest 21
Investor Presentation iii
Issuer Accounts 45
Issuer Funding Obligation 100
Issuer Trustee 100
Issuer i
Junior Subordinated Funding Obligations 101
Junior Subordinated Notes, Series 2017-1 36
LDCs 18
Lender 101
Limited Guarantee 9, 26
Management Agreement 101
Manager 101
Manitoba Act 92
Master Agreement 101
Master Transfer and Servicing Agreement 101
Master Trust Indenture 101
Material Effect 30
Moody's 101
Moratorium Period 3, 24
MTSA Acknowledgement 101
NI 31-103 ii
NI 45-106 ii
Non-Investment Grade Rated Electricity Vendor 38
Note 101
Noteholders 101
Obligations Secured 101
OEB 102
Offering Jurisdiction 80
Offering ii
OPA 17
OPG ..... i, 1, 102
Ordinary Resolution 57
Participants 66
Paying Agent 102
Payment Date 102
Person 102
Post-Suspension Refinancing 30
Pre-Approved Refinancing 30
Predecessor IESO 17
Primary Obligation 28
Principal Accumulation Account 45
Principal Accumulation Amount 102
Principal Accumulation Date 103
Principal Payment Date 103
Principal Payment Default Date 103
Program Account 103
Program Agreements 103
Program Cash Reserve Account 46
Program Cash Reserve Required Amount 103
Protection Account 46
Protection Event 7, 27
Rating Agency Condition 39
Rating Agency 103
Reference Period 103
Refinancing Account 46
Refinancing 103
Regulated Price Plan 19
Regulations 104
Regulatory Asset 2, 21

Required Principal Accumulation Amount (Senior) 104
Required Principal Accumulation Amount (Subordinated) 104
RPP 19
Saskatchewan Act 86
Section 130.1 85
Section 150 89
Securities Account 46
Senior Funding Obligation 104
Senior Notes, Series 2017-1 36
Senior Notes i
Series Account 104
Series Capital Reserve Account 46
Series Finance Reserve Account 46
Series 104
Servicer Default 104
Servicer 104
Specified Consumer 20
Specified Creditors 105
Subordinated Funding Obligations 105
Subordinated Notes, Series 2017-1 36
Supplemental Indenture 105
Suspension Event 30
Suspension Notice 29
Term Sheet i
Terms Document 105
Tranche 105
transaction 53
Transfer 106
True-up Amount 3
U.S. Securities Act i
Unitholders 31
Warehouse Facilities 36
Warehouse Obligations 106

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement

January ~~7~~**22,** 2018

FAIR HYDRO TRUST

Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (together with the regulations promulgated thereunder, the "**FHPA**"). Under the FHPA, OPG is appointed as financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform —Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be

adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended, supplemented, restated or otherwise modified from time to time.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page ~~[92]~~**95** of this confidential shelf offering memorandum. An index of defined terms used in this confidential shelf offering memorandum **specifying on which page such terms are defined** is provided starting on page ~~[104]~~**107** of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 16
ONTARIO'S FAIR HYDRO PLAN ..... ~~19~~**20**
CHANGE OF LAW PROTECTION AGREEMENT ..... ~~25~~**26**
THE ISSUER ..... ~~30~~**31**
THE MANAGER ..... ~~32~~**33**
SUBORDINATED DEBT ..... ~~34~~**35**
SHORT TERM INDEBTEDNESS ..... ~~35~~**36**
THE TRANSFEROR AND SERVICER 36
CREDIT RATINGS ..... ~~38~~**39**
RATING AGENCY CONDITION 39
CAPITAL MARKETS PLATFORM 39
DESCRIPTION OF SENIOR NOTES ..... ~~62~~**63**
DEPOSITORY SERVICES ..... ~~65~~**66**
PLAN OF DISTRIBUTION 67
RISK FACTORS ..... ~~67~~**68**
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS ..... ~~79~~**80**
LANGUAGE OF DOCUMENTS 83
RESTRICTIONS ON RESALE ..... ~~83~~**84**
REPORTING REQUIREMENTS 84
STATUTORY RIGHTS OF ACTION ..... ~~84~~**85**
INDENTURE TRUSTEE 94
LEGAL MATTERS 94
GLOSSARY 95
INDEX **OF DEFINED TERMS** 107
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES ..... ~~110~~**109**
EXHIBIT 1 – INVESTOR PRESENTATION ..... ~~111~~**110**

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*, *"Subordinated Debt"* and *"Risk Factors"* of this confidential shelf offering memorandum and *"Fair Allocation Amount"*, *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"* and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval of all Series.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO in performing their respective obligations under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Power outages could impair payment of the Senior Notes.
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.
- If any Electricity Vendor or the IESO were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against such Electricity Vendor or the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS, AND THEIR RESPECTIVE REPRESENTATIVES, TO WHOM IT IS TRANSMITTED, SOLELY TO ENABLE SUCH PERSONS TO EVALUATE AN INVESTMENT IN THE NOTES DESCRIBED IN THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM. BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with ~~an~~**a future** Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a

result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at www.ontario.ca/laws/statute/17o16.

SUMMARY

*This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page ~~92~~ **95** of this confidential shelf offering memorandum. An index of defined terms used in this summary is provided starting on page ~~104~~ **107** of this confidential shelf offering memorandum.*

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) **or of the IESO**. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG**, IESO** or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement"*.
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "FHPA"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[1] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[2] for that period. Under the FHPA, OPG is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing	The implementation of the Fair Hydro Plan is intended to be financed

[1] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[2] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

Program:

by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of Series, in one or several Offerings. A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the Master Trust Indenture, as supplemented by a Supplemental Indenture authorizing that Series.

Transferor and Servicer:

The Independent Electricity System Operator (the "**IESO**") is a ~~not for profit~~**non-share** corporation established under the *Electricity Act, 1998* (Ontario). As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy. The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.

Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). ~~The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from Specified Consumers before May 1, 2021.~~ Pursuant to the Master Transfer and Servicing Agreement, the IESO may, on a monthly basis, offer to Transfer specified portions of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"The Transferor and Servicer"*.

Investment Interest:

Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager and will be converted by the OEB into a cent per kWh rate and added to the electricity invoices sent to Specified Consumers. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs **(including interest and principal on the Senior Notes)**, derivative payments,

required **reserve account** deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount ~~may~~**will** also reflect **any** historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. Based on the Fair Allocation Amount **determined and** provided by the Province, from July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment **of interest** on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*. **Amounts so contributed by the IESO are not available to pay principal on the Senior Notes.**

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs

The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of Carrying

until July 31, 2021:

Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used **by the IESO** to pay the ~~Issuer's~~ Carrying Costs **to the Issuer**. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest.

As security for the performance of ~~its~~**the IESO's** obligation under the Regulations to pay the ~~Issuer's~~ Carrying Costs **to the Issuer**, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount & Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of

subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's electricity market, including the activities of transmitters and distributors as well as the IESO (all **of whom are** Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided by the IESO to the OEB. See ~~*"— Statutory and Servicing Duties of the IESO"* below~~***The Transferor and Servicer"***.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*The Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA requires Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of ~~all~~**the Issuer and any other** Financing Entities~~, of which the Issuer is the first~~ **that may be established**, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts and hold such amounts in trust for the benefit of the Financing Entities until remitted to the IESO for the benefit of the Financing Entities (initially, only the Issuer). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies

the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required is based on a formula as set out in the Master Transfer and Servicing Agreement and will be equal to: (a) **the product of** (i) 50% of estimated Clean Energy Adjustment amounts that are to be collected over a twelve-month period by all such non-investment grade rated Electricity Vendors, **and** (ii) ~~multiplied by~~ a fraction equal to 45/365 (representing the 45-day period during which funds are expected to be held by such non-investment grade rated Electricity Vendors prior to being remitted to the Issuer); or (b) such other lesser amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. See *"The Electricity Industry in Ontario — Key Industry Participants — Ontario Power Generation Inc."* and *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of the Financing Entities (of which the Issuer is currently the only one), to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of the Financing Entities (of which the Issuer is currently the only one)

and remit such amounts on a monthly basis, subject to daily remittance being required in certain limited circumstances. Pursuant to the Master Transfer and Servicing Agreement, monthly remittances of amounts received in respect of the Clean Energy Adjustment will occur on the 18th business day of each calendar month. In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information to the OEB and the Issuer, **which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period,** making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts and fulfilling certain additional reporting requirements. Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which~~, provided that the Notes are Approved Obligations,~~ includes payments of amounts that are due and payable in respect of **Senior** Notes), although the amount of the Province of Ontario's payment obligations in a particular period may differ depending on whether an Acceleration has occurred. See *"Change of Law Protection Agreement"*. The Issuer and the Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*.

Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change

of Law Protection Agreement.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the ~~FHPA~~Act or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the ~~FHPA~~Act or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

(vi) in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the ~~FHPA~~Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to

such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

(c) **The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.**

(d) The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

(e) Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid.

(f) **Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture (in effect as of the date hereof).** **See *"Capital Markets Platform — Acceleration and Remedies — Rights of Specified Creditors".***

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to

the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including all Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes

that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of Clean Energy Costs in proportion to the relative attribution of the value of Clean Energy Benefits among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation **that is issued** is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10%

	of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used ~~to~~**for one or more of the following purposes:** (i) **to** acquire an Investment Interest pursuant to the FHPA and the Master Transfer and Servicing Agreement, (ii) **to** refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) **to** pay Offering and related costs of the Issuer and (iv) **to** fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", *"Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration"*.
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be

funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for Senior Funding Obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for Subordinated Funding Obligations;
- payments of or accumulations in respect of interest for Junior Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Warehouse Obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for Senior Funding Obligations (other than Warehouse Obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on Senior Funding Obligations;

- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Junior Subordinated Funding Obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for Subordinated Funding Obligations or Junior Subordinated Funding Obligations);
- replenishment of Series Accounts established for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Junior Subordinated Funding Obligations;
- replenishment of Series Accounts established for Junior Subordinated Funding Obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

- After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:
  - taxes;
  - trustee fees, expenses and reimbursement amounts;
  - interest, fees and other amounts (other than principal) on Senior Funding Obligations and payments under derivative agreements (other than termination payments), *pari passu*, then Subordinated Funding Obligations (other than principal) and then Junior Subordinated Funding Obligations (other than principal);
  - principal for Warehouse Obligations;
  - *pari passu*, principal on Senior Funding Obligations (other than Warehouse Obligations) and termination payments

under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);

- the Manager's fees, expenses and reimbursement amounts;
- principal for Subordinated Funding Obligations and then Junior Subordinated Funding Obligations; and
- all other obligations not specifically dealt with above.

- Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.
- See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 units of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103).

By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.

Book-Entry Form: The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in

	accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The following summary of the electricity industry in Ontario does not purport to be comprehensive or definitive. It is a general and high-level overview of the ~~history~~**historical context** and **the current** manner in which the industry operates, including how real-time energy supply needs are met.

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, ~~hydropower~~**hydroelectric**, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from **large** generating facilities to local ~~areas~~**distribution systems** and large ~~directly~~ **transmission-**connected consumers**, as well as to and from inter-jurisdictional entities**; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses ~~using lower~~**, as well as the delivery of electricity from small distribution-connected generating facilities, using low** voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive wholesale electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes**, along with the transmission and distribution system investments needed to support these changes,** have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of smaller scale wind and solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be scheduled and dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids **to withdraw energy** by **certain** domestic loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Most generators in Ontario also have bilateral contracts with the IESO ~~or receive~~ **(i.e. power purchase agreements) and one large generator, OPG, receives OEB-**regulated prices, or payment amounts, that provide for payments in addition to wholesale market settlements that are paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario). The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold the generation assets of the former Ontario Hydro. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power facility. OPG's mandate is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for a significant portion of the total energy generated and injected into Ontario's electricity transmission system. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for managing the reliability of the provincial transmission system and operating the wholesale electricity markets in Ontario. The OPA was formed to plan the provincial power system and to procure electricity resources. The OPA entered into bilateral power **or capacity** purchase contracts with generators and other electricity resource providers. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial **administrative tribunal and** public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors~~, which~~**. The IESO and distributors** are ~~also~~ Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the ~~consumers~~**consumer's** economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures ~~involving~~**affecting regulated assets and regulated entities, such as** distributors~~,~~ **and** transmitters ~~and other entities which it licenses~~. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, **as well as institutions** such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB.

The following diagram depicts the flow of funds between the key industry participants:

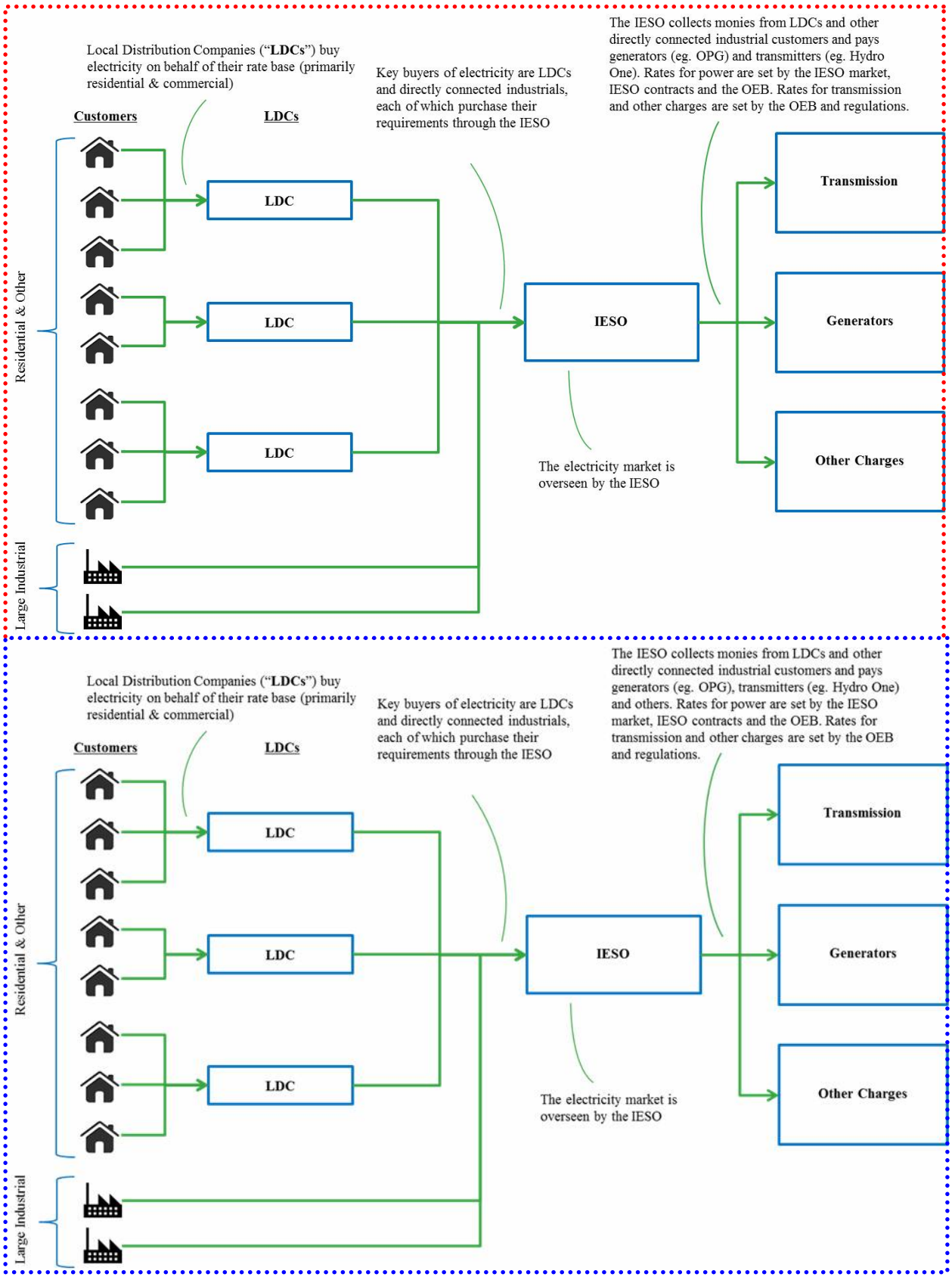
Local Distribution Companies ("LDCs") buy electricity on behalf of their rate base (primarily residential & commercial)
Key buyers of electricity are LDCs and directly connected industrials, each of which purchase their requirements through the IESO
The IESO collects monies from LDCs and other directly connected industrial customers and pays generators (eg. OPG) and transmitters (eg. Hydro One). Rates for power are set by the IESO market, IESO contracts and the OEB. Rates for transmission and other charges are set by the OEB and regulations.
Customers
LDCs
Residential & Other
Large Industrial
LDC
LDC
LDC
IESO
The electricity market is overseen by the IESO
Transmission
Generators
Other Charges
Local Distribution Companies ("LDCs") buy electricity on behalf of their rate base (primarily residential & commercial)
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The IESO collects monies from LDCs and other directly connected industrial customers and pays generators (eg. OPG), transmitters (eg. Hydro One) and others. Rates for power are set by the IESO market, IESO contracts and the OEB. Rates for transmission and other charges are set by the OEB and regulations.
Customers
LDCs
Residential & Other
Large Industrial
LDC
LDC
LDC
IESO
The electricity market is overseen by the IESO
Transmission
Generators
Other Charges

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are **two** main components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is established monthly by the IESO in accordance with regulations and is the amount **of money** necessary to pay certain other costs to generators and other suppliers that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to OPG pursuant to OEB-established payment amounts.

Prior to the FHPA being passed, the amount collected generally over an annual basis by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's current payables to generators and other electricity resource suppliers, subject to certain periodic true-ups, fees and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices primarily for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months by the OEB based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from ~~a~~ **an OEB-**licensed retailer pursuant to a retail contract that provides a rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the FHPA. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[3] less than the rate that would otherwise have been determined by the OEB for that period absent Ontario's Fair Hydro Plan (such adjustment, together with the further adjustments described below in this section, the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

[3] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, the amounts charged to the IESO by the Issuer in respect of the Carrying Costs of the Issuer**, when applicable,** ~~[~~and certain other amounts~~]~~ ~~***[NTD: IESO to confirm what other amounts are included]***~~ in a variance account. The IESO has the right, exercisable in accordance with the FHPA ~~and the Regulations~~, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from Specified Consumers before May 1, 2021. The IESO may, in accordance with the FHPA, Transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon

receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that ~~results from~~**gives rise to** the ~~Fair Adjustment~~**Regulatory Asset** and, as an owner of the Investment Interest, will be entitled to recover its Finance Amount (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest by accepting a Transfer of the corresponding specified portion of a Regulatory Asset, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the Transfer of a specified portion of the Regulatory Asset from the IESO, such Transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Financing Entities that own an Investment Interest (among other things):

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers to cover the cost of financing the shortfall that ~~results from~~**gives rise to** the ~~Fair Adjustment~~**Regulatory Asset**. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer , or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that are payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a Funding Obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) amounts received during the period in respect of Carrying Costs;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. The True-up Amount is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount ~~may~~**will** also reflect **any** historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period ~~of time~~ by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period based on forecast information provided by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the Financing Entities (of which the Issuer is currently the only one), amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the Financing Entities (of which the Issuer is currently the only one) until remitted to the IESO for the benefit of the Financing Entities (of which the Issuer is currently the only one). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received ~~on a *pro rata* basis~~ to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA. ~~If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to the Issuer during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.~~

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay **to the Issuer** under the Regulations during such period. See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

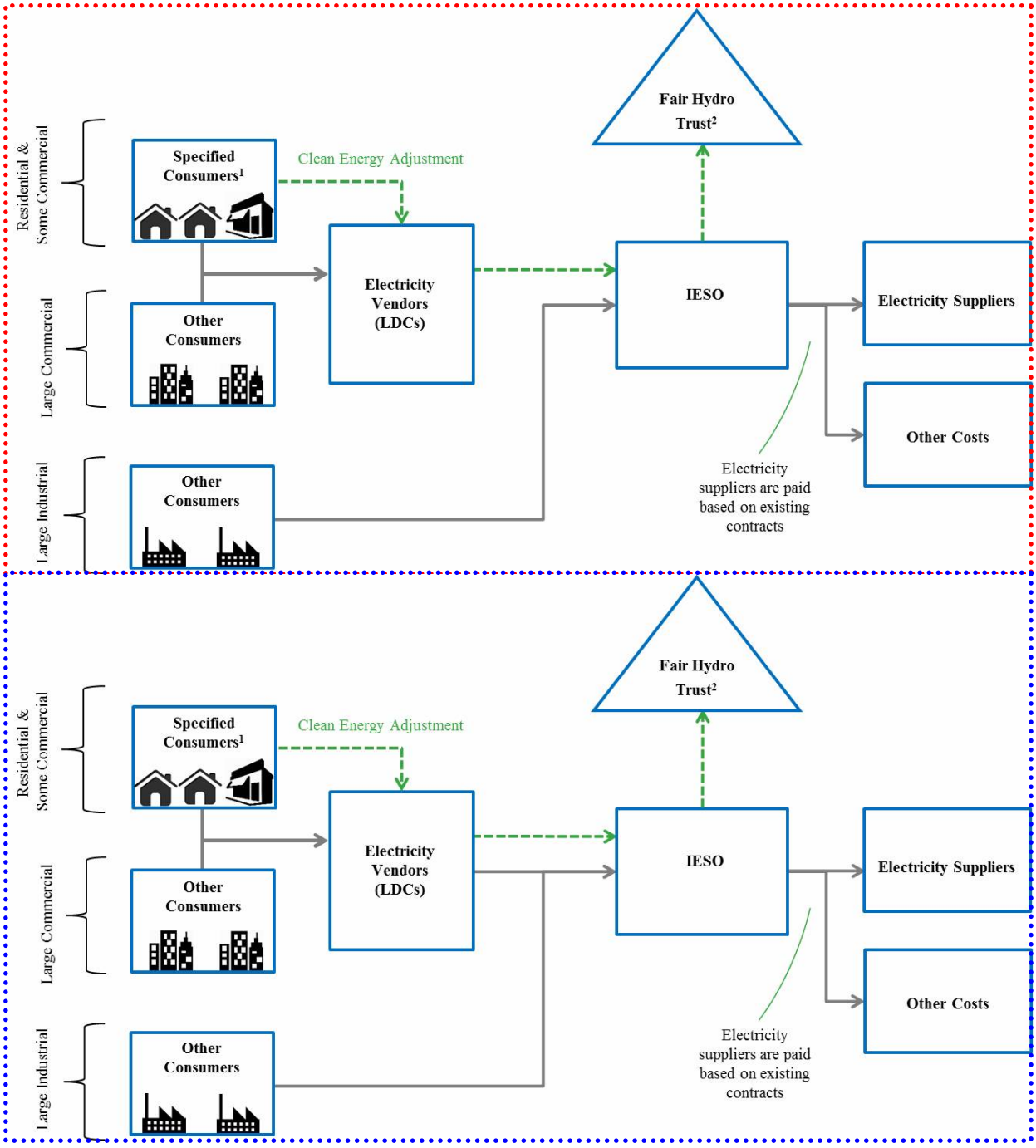

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, **once applicable,** directly to the IESO.

[2] Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer for a corresponding purchase price. Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset following payment by the Issuer of the corresponding purchase price, the Issuer will acquire an Investment Interest.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align

Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers. Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation **that is issued** is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Payment of Carrying Costs until July 31, 2021

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes). The amounts paid by the IESO **to the Issuer** to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest pursuant to the FHPA.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used **by the IESO** to pay the ~~Issuer's~~ Carrying Costs **to the Issuer**. Furthermore, as security for the performance of its obligations under the Regulations to pay the ~~Issuer's~~ Carrying Costs **to the Issuer**, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or

terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account. The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period, divided by the number of months in such Reference Period. **See *"Capital Markets Platform — Acceleration and Remedies — Limitation on Available Amounts on Acceleration"* for a description of the amounts that would be available to be paid under the Master Trust Indenture in such circumstances.**

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Senior Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the ~~FHPA~~**Act** or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the ~~FHPA~~**Act** or any portion thereof, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the ~~FHPA~~**Act**, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the

extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued, provided that for purposes of determining voting rights with respect to Notes, Notes in which the Province of Ontario has an interest will be deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change of Law Protection Agreement.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including the Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary

Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document to which the Limited Guarantee applies and which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Issuer Trustee is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

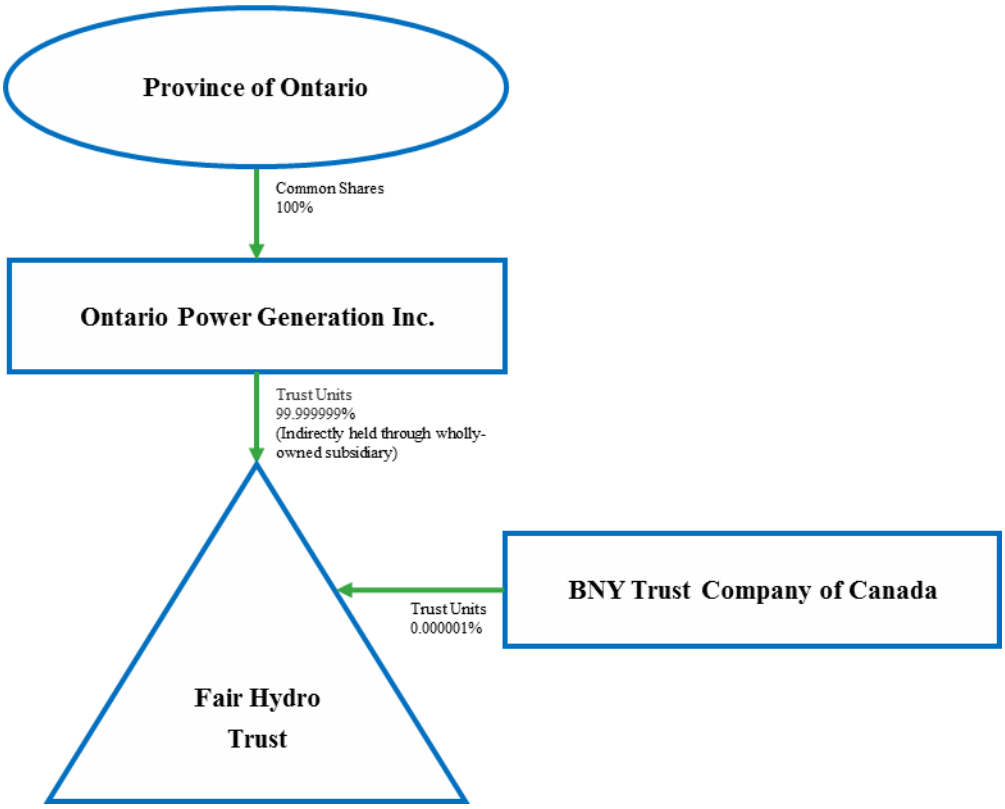

THE MANAGER

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, the Manager (on behalf of the Issuer) shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors — Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining ~~approximate~~**approximately** 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

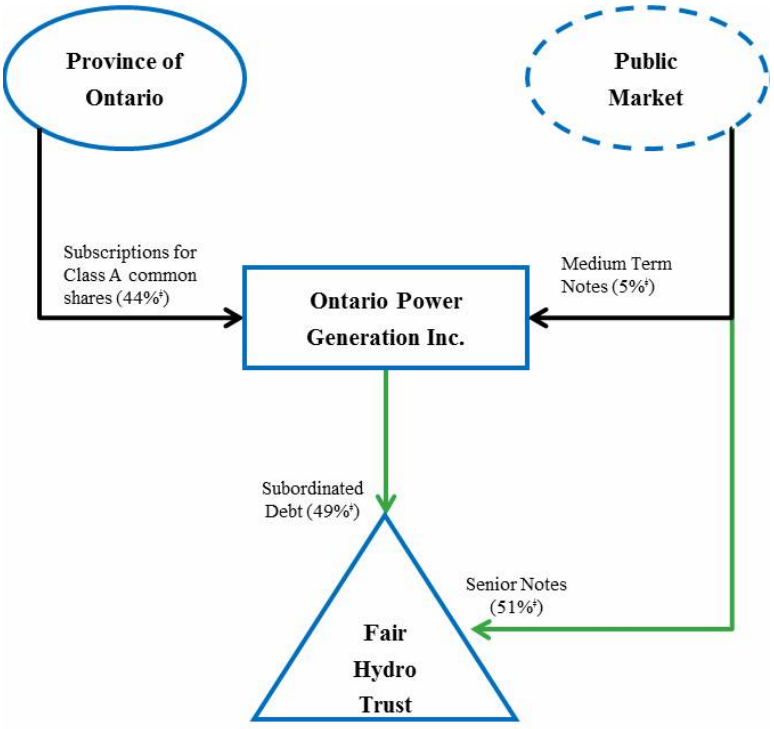

ǂ OPG is expected to acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(a) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(b) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(c) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest on December 21, 2017.

THE TRANSFEROR AND SERVICER

Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to Transfer to the Issuer a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of receiving the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts received in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on the 18th business day of each month, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) providing forecast information to the OEB and the Issuer**, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period**.

The IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions. The Master Transfer and Servicing Agreement provides for various limitations on the duties and responsibilities of the IESO including that: (i) the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that Clean Energy Adjustment amounts will be sufficient to

satisfy the Issuer's Funding Obligations, (ii) the IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Investment Interest, the collectability of the Clean Energy Adjustment or that Clean Energy Adjustment amounts received will be sufficient to satisfy the Issuer's Funding Obligations, (iii) the IESO shall have no liability or responsibility to any person in respect of any forecasts or other information provided, provided only that such forecasts or other information has been prepared and provided in good faith and (iv) the IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from Specified Consumers or not remitted by Electricity Vendors to the IESO. **See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"* and *"Ontario's Fair Hydro Plan — Other Statutory Protections"* with respect to the manner in which the risks associated with incorrect forecasts by the IESO, and shortfalls in Clean Energy Adjustments as a result of amounts not being collected by Electricity Vendors or remitted by Electricity Vendors, are mitigated.**

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA, including its obligation to pay the ~~Issuer's~~ Carrying Costs **to the Issuer**.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes. Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used **by the IESO** to pay the ~~Issuer's~~ Carrying Costs **to the Issuer**.

As security for the performance of its obligation to pay the ~~Issuer's~~ Carrying Costs **to the Issuer**, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for Transfer to the Issuer in a subsequent period. Upon completion of such Transfer, the Issuer will acquire an Investment Interest pursuant to the FHPA.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any

Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors or such other number as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement~~,~~ **or** the FHPA (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;

- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;

- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);

- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and

- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "— *Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "— *Payment Waterfalls Prior to Acceleration — Collection Account*", "— *Payment Waterfalls Prior to Acceleration — Protection Account*" and "— *Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding

Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities

Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall. **Amounts in the Program Cash Reserve Account will be available to pay interest and principal on the Senior Notes.**

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for

the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "— *Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "— *IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required

Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set

out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program

Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "— *Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel, each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, ~~then~~ the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined ~~without regard to the fact that such amount has become due and payable, unless and only to the extent that~~**based on the extent, if any, to which** the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF SENIOR NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this *"Description of Senior Notes"* section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s), if any, and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;
- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and
- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) **or of the IESO**. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not **be** insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior

Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Payment Dates on which such ~~amount~~**amounts** are to be accumulated for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than an expected Principal Payment Date if an optional redemption occurs and may receive principal payments later than an expected Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on an expected Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however,

that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the

book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the

Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit were successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does

not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA should no longer be law in Ontario or that the FHPA should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA referenced in the previous paragraph were amended or repealed through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Crown, nor may an order for execution or attachment be made against the Crown, although the remedy of damages is available. Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior Notes, and the Issuer must rely for payment of all of its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs **to the Issuer**. The amounts paid by the IESO **with respect to Carrying Costs** cannot be applied on account of principal on the Senior Notes. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the ~~Issuer's~~ Carrying Costs **to the Issuer**. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring September 30, 2022, which can be used to pay the ~~Issuer's~~ Carrying Costs **to the Issuer**. There can be no assurance that the IESO will continue to have sufficient funds available to pay the ~~Issuer's~~ Carrying Costs **to the Issuer** during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay the ~~Issuer's~~ Carrying Costs **to the Issuer** and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior Notes, and the Issuer must rely ~~for payment of~~**on the IESO for the funds necessary to pay** its Carrying Costs, upon

the IESO who is obligated under the Regulations to pay these Carrying Costs **to the Issuer**. Amounts paid by the IESO are not available to pay principal on the Senior Notes. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA, rights to enforcement of the FHPA and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the

Issuer. **In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.**

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring Investment Interests. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the Transfer by the IESO of specified portions of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, the Investment Asset will be co-owned by all Financing Entities (including the Issuer) and consequently Clean Energy Adjustment amounts collected by or for the benefit of the Financing Entities will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA and the Master Transfer and Servicing Agreement impose new duties and obligations ~~of~~**on** the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and

the Master Transfer and Servicing Agreement. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or providing forecast information, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor **or the IESO** fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.

The FHPA imposes new duties and obligations ~~of~~**on** OPG, as Financial Services Manager, and the Program Agreements impose new duties and obligations ~~of~~**on** OPG, as Manager. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA, including determining the Clean Energy Adjustment (inclusive of the True-up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated based upon a forecast of Specified Consumer usage to be newly developed based on forecast information provided by the IESO. Under the Regulations, the IESO is required to provide ~~a forecast of~~ **forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast** electricity consumption of Specified Consumers **in respect of the relevant period**. The amount of the Clean Energy Adjustment collected in any period will depend in part on actual electricity usage by Specified Consumers and the amount of collections and write-offs for Specified Consumers. If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of

electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. The FHPA does not require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in FHPA. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment**, which might result in missed or delayed payments of principal and interest on the Senior Notes**.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment. The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-up Amount. ~~If~~**Until such adjustments are made or, if** those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to provide indemnification, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°~~C~~ **Celsius**. Winters include snow and ~~icing~~**icy** conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the

Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.

Ordinarily, the interests of the Issuer as acquirer of an Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time the corresponding Regulatory Asset was Transferred to the Issuer. This could reduce the amounts that may be available to the Issuer in respect of the Investment Interest and, consequently, the holders of Senior Notes. Section 27(3) of the ~~FHPA~~**Act** provides that at the time of the Transfer of the Regulatory Asset to a Financing Entity, such Transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the ~~FHPA~~**Act** provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the Transfer and the property rights and interests acquired by the Transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the ~~FHPA~~**Act** in such circumstances is untested. The Transfers of the Regulatory Asset to the Issuer will be made in accordance with section 26 of the ~~FHPA~~**Act**. Section 27(1) of the ~~FHPA~~**Act** provides that a Transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Transferee. Therefore, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Regulatory Asset. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO or such Electricity Vendor may be significantly impaired or delayed.

Under the Master Transfer and Servicing Agreement, collections received by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and

used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior

Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no

representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account

managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency

Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly,

purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Capital Markets Platform — Covenants of the Issuer — Financial Statements; Statement as to Compliance"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to

mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the **Financial and Consumer Affairs Authority of** Saskatchewan ~~Financial Services Commission~~.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum **(which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference herein)**, together with any amendments hereto **(which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference therein)**, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action ~~will~~**may** be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment

was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference ~~therein~~**herein**, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference ~~therein~~**herein**, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference ~~therein~~**herein**, not purporting to be made on the authority of an expert, or to be a copy of**,** or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the *Securities Act* (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and

the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer **or the selling security holder on whose behalf the distribution is made**. "Misrepresentation" means an untrue statement of **a** material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer **and selling security holder** will be liable if the person proves that**:**

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

(ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that~~;~~:

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) **while still an owner of the Senior Notes,** a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, **with respect to a Funding Obligation,** (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"Act" means the *Ontario Fair Hydro Plan Act, 2017.*

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" ~~means~~ has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Change of Law Protection Agreement**" means the change of law protection agreement dated as of December 21, 2017 among the Province, the Issuer and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(b)

(i) renewable energy generation or capacity;

(ii)

(iii) conservation and demand management;

(iv)

(v) energy storage;

(vi)

(vii) energy efficiency; and

(viii)

(ix) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(x)

(c) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(d)

(e) such other costs or estimated costs as may be prescribed by the Regulations.

(f)

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b)

(c) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(d)

(e) promoting conservation, demand management and energy efficiency; and

(f)

(g) investing in energy infrastructure to ensure a clean, modern and reliable system.

(h)

"**Clearstream, Luxembourg**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"Crown" means Her Majesty the Queen in Right of Ontario.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as amended, supplemented, restated or otherwise modified from time to time.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b)

(c) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(d)

(e) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(f)

(g) such other person as may be prescribed by the Regulations.

(h)

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor)

from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Entity**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as

required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligations**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on page (iii) of this confidential shelf offering memorandum.

"**Issuer**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" means the management agreement dated as of December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Manitoba"*.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**NI 31-103**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**NI 45-106**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

~~"**NL Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Newfoundland and Labrador"*.~~

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Offering Jurisdiction**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**OPA**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The*

IESO.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month **or, if such day is not a business day, the next business day**.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust,

the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b)

(c) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(d)

(i) every six-month period following the period mentioned in (a);

(ii)

(iii) any period shorter than six months, as may be prescribed by the Regulations.

(iv)

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Saskatchewan"*.

"**Section 130.1**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Ontario"*.

"**Section 150**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in New Brunswick"*.

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure

shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning specified in the *Ontario Fair Hydro Plan Act, 2017*, and "**Transferred**" and "**Transferee**" shall have corresponding meanings.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" has the meaning set out under *"The Issuer"*.

"**U.S. Securities Act**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

INDEX OF DEFINED TERMS

"Acceleration Event" 95
"Acceleration" 95
Act 95
"Adherence Compliance Certificate" 28 29
"Adverse Effect" 41
"Agency Agreement" 67
"Agents" ii
"Approved Obligation" 7, 28
"Available Collections" 45
"Borrowing" 95
"Canadian Insolvency and Restructuring Laws" 69 70
"Carrying Costs" 95
"CDS" ii
"Certified Primary Obligation" 7, 28
"Change of Law Protection Agreement" 95
"Class" 43 44
"Clean Energy Adjustment" 21 22
"Clean Energy Benefits" 95 96
"Clean Energy Costs" 96
"Clean Energy Initiative" 96
"Clearstream, Luxembourg" 66 67
"Collateral" 44 45
"Collection Account Waterfall" 47
"Collection Account" 44 45
"Commissions" 82 83
"Confidential Information" vii
"Controlling Class Creditors" 96
"Controlling Class Obligations" 96 97
"Co-Owner Agreement" 97
Crown 97
"DBRS" 97
"Debtholder Group" 57
"Debtholder" 97
"Declaration of Trust" 97
"Default" 97
"depository" 65 66
"Derivative Counterparty" 97
"Derivative Funding Obligations" 97
"DTC" 66 67
"Electricity Vendor" 97
"Eligible Deposit Account" 44 45
"Eligible Institution" 97
"Eligible Investments" 97 98
"Eligible Securities Account" 44 45
"Euroclear" 66 67
"Event of Default" 58 59
"Extraordinary Resolution" 57
"Fair Adjustment" 19 20
"Fair Allocation Amount" 24 25
"FHPA" i
"Finance Amount" 21 22
"Financial Services Manager" i
"Financing Entity" i
"Financing Plan" 99

"Funding Obligation Agreement" 99
"Funding Obligations" i
"Governmental Authority" 99
"HOEP" 19
"IESO Cash Reserve Account" 45
"IESO Cash Reserve Deposit Amount" 99
"IESO Cash Reserve Required Amount" 99
"IESO Security Agreement" ~~99~~ **100**
"IESO" 2, 99
"Indemnity Agreement" 100
"Indenture Trustee" 100
"Indenture" 100
"Interest Accrual Amount (Junior Subordinated)" 100
"Interest Accrual Amount (Senior)" 100
"Interest Accrual Amount (Subordinated)" 100
"Interest Accumulation Account" 45
"Interest Payment Date" 100
"Investment Asset" 21
"Investment Interest" 21
"Investor Presentation" iii
"Issuer Accounts" ~~44~~ **45**
"Issuer Funding Obligation" 100
"Issuer Trustee" 100
"Issuer" i
"Junior Subordinated Funding Obligations" ~~100~~ **101**
"Junior Subordinated Notes, Series 2017-1" 36
"LDCs" 18
"Lender" 101
"Limited Guarantee" ~~8, 25~~ **9, 26**
"Management Agreement" 101
"Manager" 101
"Manitoba Act" ~~91~~ **92**
"Master Agreement" 101
"Master Transfer and Servicing Agreement" 101
"Master Trust Indenture" 101
"Material Effect" ~~29~~ **30**
"Moody's" 101
"Moratorium Period" 3, ~~23~~**24**
"MTSA Acknowledgement" 101
"NI 31-103" ii
"NI 45-106" ii
~~"NL Act" 93~~
"Non-Investment Grade Rated Electricity Vendor" ~~37~~ **38**
"Note" 101
"Noteholders" 101
"Obligations Secured" 101
"OEB" 102
"Offering Jurisdiction" ~~79~~ **80**
"Offering" ii
"OPA" 17
"OPG" i, 1, 102
"Ordinary Resolution" 57
"Participants" ~~65~~ **66**
"Paying Agent" 102
"Payment Date" 102
"Person" 102

"Post-Suspension Refinancing" 29 30
"Pre-Approved Refinancing" 29 30
"Predecessor IESO" 17
"Primary Obligation" 28
"Principal Accumulation Account" 45
"Principal Accumulation Amount" 102
"Principal Accumulation Date" 102 103
"Principal Payment Date" 103
"Principal Payment Default Date" 103
"Program Account" 103
"Program Agreements" 103
"Program Cash Reserve Account" 45 46
"Program Cash Reserve Required Amount" 103
"Protection Account" 45 46
"Protection Event" 7, 26 27
"Rating Agency Condition" 39
"Rating Agency" 103
"Reference Period" 103
"Refinancing Account" 45 46
"Refinancing" 103
"Regulated Price Plan" 19
"Regulations" 104
"Regulatory Asset" 2, 20 21
"Required Principal Accumulation Amount (Senior)" 104
"Required Principal Accumulation Amount (Subordinated)" 104
"RPP" 19
"Saskatchewan Act" 85 86
"Section 130.1" 84 85
"Section 150" 89
"Securities Account" 46
"Senior Funding Obligation" 104
"Senior Notes, Series 2017-1" 35 36
"Senior Notes" i
"Series Account" 104
"Series Capital Reserve Account" 46
"Series Finance Reserve Account" 46
"Series" 104
"Servicer Default" 104
"Servicer" 104
"Specified Consumer" 19 20
"Specified Creditors" 105
"Subordinated Funding Obligations" 105
"Subordinated Notes, Series 2017-1" 35 36
"Supplemental Indenture" 105
"Suspension Event" 29 30
"Suspension Notice" 29
"Term Sheet" i
"Terms Document" 105
"Tranche" 105
"transaction" 53
"Transfer" 105 106
"True-up Amount" 3
"U.S. Securities Act" i
"Unitholders" 30 31
"Warehouse Facilities" 35 36
"Warehouse Obligations" 106

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on January-21-18 2:55:28 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Fair Hydro Trust - Confidential Offering Memorandum.docx
Description	Fair Hydro Trust - Confidential Offering Memorandum
Document 2 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtemp74c_Fair Hydro Trust - Confidential Offering Memorandum.DOCX
Description	_Fair Hydro Trust - Confidential Offering Memorandum
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	209
Deletions	462
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	671

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January 22, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Capital Markets Platform" and "Description of Senior Notes" sections of the confidential shelf offering memorandum which contain a more detailed description of certain terms of the Series 2018-1 Senior Notes and the trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture (the "Series 2018-1 Senior Supplemental Indenture") pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January 22, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE MAY 15, 2033, SERIES 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	●% Senior Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Expected Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●[(1)]
Term:	15.25 years
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●% per annum (the "**Series 2018-1 Interest Rate**")
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment and +● bps delay adjustment), versus the CAN ●% due ● (priced at $● to yield ●%)

(1) The Issuer may offer and sell Series 2018-1 Senior Notes having a principal amount greater than the amount shown above. In that event, the Principal Accumulation Amounts, the principal amounts of the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes and the use of proceeds amount will be increased proportionately.

Issue Yield:	●%
Issue Price:	$● per $1,000 principal amount of Series 2018-1 Senior Notes.
Agents Commission:	$● per $1,000 principal amount of Series 2018-1 Senior Notes sold (payable from existing cash resources of the Issuer)
Interest Payment Dates:	The Interest Payment Dates for the Series 2018-1 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event, interest on the Series 2018-1 Senior Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Senior Notes on each Payment Date thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event, the first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes. If an Interest Payment Date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis. The record date for each Interest Payment Date is the last day of the calendar month preceding such Interest Payment Date. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-1 Senior Notes, or the outstanding principal amount of the Series 2018-1 Senior Notes has not been paid in full on the Expected Principal Payment Date (as defined below). An "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the Master Trust Indenture, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes and all interest thereon is declared due and payable in accordance with the Indenture as a result of the occurrence of a Series 2018-1 Event of Default (as defined below).
Principal Payment Dates and Principal Payment Amount:	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on May 15, 2033 (such Payment Date, the "**Expected Principal Payment Date**"). Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date in respect of the Series 2018-1 Senior Notes and the then outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date.
Principal Payment Default Date:	May 15, 2035

Principal Accumulation Amounts:	Subject to the occurrence of an Amortization Event, the Series 2018-1 Senior Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix A hereto. Following the occurrence of an Amortization Event, the Principal Accumulation Amount with respect to each Payment Date thereafter shall be an amount equal to the outstanding principal amount of the Series 2018-1 Senior Notes.
Subordination:	Concurrent with the issuance of the Series 2018-1 Senior Notes, OPG will subscribe for (i) $● of ●% subordinated notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Subordinated Notes**"); and (ii) $● of ●% junior subordinated notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**"). The Series 2018-1 Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations), and the Series 2018-1 Junior Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations) and the Series 2018-1 Subordinated Notes (and all other Subordinated Funding Obligations), in each case in the manner described in the confidential shelf offering memorandum under the heading "*Capital Markets Platform – Subordination Provisions*".
Optional Redemption:	The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2032. "**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus ●% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under the heading *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.
Use of Proceeds:	The proceeds from the Series 2018-1 Senior Notes Offering will be used to refinance $● of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement. See *"Consolidated Capitalization"*. Expenses of the Series 2018-1 Senior Notes Offering are to be paid from existing cash resources.
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Change of Law Protection Agreement:	The Series 2018-1 Senior Notes are Approved Obligations under the Change of Law Protection Agreement.
Series 2018-1 Events of Default:	In addition to the Events of Default contained in the Master Trust Indenture and described in the confidential shelf offering memorandum, each of the following events constitute a "**Series 2018-1 Events of Default**": (a) failure to pay interest on the Series 2018-1 Senior Notes when due, subject to a 5-day cure period; (b) failure to pay principal on the Principal Payment Default Date for the Series 2018-1 Senior Notes; (c) breach of representation or warranty in the Series 2018-1 Senior Supplemental Indenture applicable to the Series 2018-1 Senior Notes, subject to materiality requirements and a 60-day cure period; (d) breach of a covenant in the Series 2018-1 Senior Supplemental Indenture, subject to materiality requirements and a 60-day cure period; and (e) an event occurs and as a result thereof, all or any portion of the principal amount of any other Senior Funding Obligation has been accelerated.

Acceleration upon a Series 2018-1 Event of Default:	Upon the occurrence of a Series 2018-1 Event of Default, the holders of Series 2018-1 Senior Notes may, by Ordinary Resolution, declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Senior Notes to be immediately due and payable, whether or not all Issuer Funding Obligations have been accelerated pursuant to the Master Trust Indenture. For a discussion of the consequences of such declaration, see the confidential shelf offering memorandum under the headings "*Capital Markets Platform – Acceleration and Remedies*" and "*Risk Factors – If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected*".
Rating Agency Condition:	"**Rating Agency Condition**" means with respect to any action in respect of the Series 2018-1 Senior Notes subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 business days prior to the effective date of such action (or if 10 business days prior notice is impractical, such advance notice as is practicable) and (i) the Rating Agencies shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, DBRS shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	CIBC World Markets Inc. (joint lead and joint bookrunner), Goldman Sachs Canada Inc. (joint lead), RBC Dominion Securities Inc. (joint lead and joint bookrunner), BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the

circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	$●
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	$1,179,000,000.00[(2)]	$●
Bank indebtedness……..	Nil	$●
Total Debt……	$1,179,000,000.00[(2)]	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	$1,179,010,000.01[(2)]	$●

(2) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000, or 10% of all short term debt, represented by Junior Subordinated Notes, Series 2017-1 held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On November 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, 2018, the Issuer had approximately $● outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' commission payable by the Issuer.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

APPENDIX A
PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	$●
February 15, 2030	$●
March 15, 2030	$●
April 15, 2030	$●
May 15, 2030	$●
June 15, 2030	$●
July 15, 2030	$●
August 15, 2030	$●
September 15, 2030	$●
October 15, 2030	$●
November 15, 2030	$●
December 15, 2031	$●
January 15, 2031	$●
February 15, 2031	$●
March 15, 2031	$●
April 15, 2031	$●
May 15, 2031	$●
June 15, 2031	$●
July 15, 2031	$●
August 15, 2031	$●
September 15, 2031	$●
October 15, 2031	$●
November 15, 2031	$●
December 15, 2031	$●
January 15, 2032	$●
February 15, 2032	$●
March 15, 2032	$●
April 15, 2032	$●
May 15, 2032	$●
June 15, 2032	$●
July 15, 2032	$●
August 15, 2032	$●
September 15, 2032	$●
October 15, 2032	$●
November 15, 2032	$●
December 15, 2033	$●
January 15, 2033	$●
February 15, 2033	$●
March 15, 2033	$●
April 15, 2033	$●
May 15, 2033	$●

~~DRAFT: January 17, 2018~~

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ~~●,~~22, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Capital Markets Platform" and "Description of Senior Notes" sections of the confidential shelf offering memorandum which contain a more detailed description of certain terms of the Series 2018-1 Senior Notes and the trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture (the "Series 2018-1 Senior Supplemental Indenture") pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January ~~●,~~22, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ~~●, Series~~MAY 15, 2033, SERIES 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	●% Senior Notes due ~~●,~~May 15, 2033, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Expected Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●[(1)]
Term:	~~●~~15.25 years
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●% per annum (the "**Series 2018-1 Interest Rate**")
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment and +● bps ~~curve~~ delay adjustment), ~~both~~ versus the CAN ●% due ● (priced at $● to yield ●%)

(1) The Issuer may offer and sell Series 2018-1 Senior Notes having a principal amount greater than the amount shown above. In that event, the Principal Accumulation Amounts, the principal amounts of the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes and the use of proceeds amount will be increased proportionately.

Issue Yield:	●%
Issue Price:	$● per $1,000 principal amount of Series 2018-1 Senior Notes.
Agents Commission:	$● per $1,000 principal amount of Series 2018-1 Senior Notes sold (payable from existing cash resources of the Issuer)
Interest Payment Dates:	The Interest Payment Dates for the Series 2018-1 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event, interest on the Series 2018-1 Senior Notes shall be payable in equal **semi-annual instalments** (except the first interest payment) ~~semi-annual instalments~~ in arrears on ~~April~~**May** 15 and ~~October~~**November** 15 of each year, commencing ~~April~~**May** 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Senior Notes on each Payment Date thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event, the first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes. If an Interest Payment Date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis. The record date for each Interest Payment Date is the last day of the calendar month preceding such Interest Payment Date. "**Amortization Event**" means either ~~(i)~~ an Acceleration Event has occurred with respect to the Series 2018-1 Senior Notes, or ~~(ii)~~ the outstanding principal amount of the Series 2018-1 Senior Notes has not been paid in full on the Expected Principal Payment Date (as defined below). An "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the Master Trust Indenture, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes and all interest thereon is declared due and payable in accordance with the Indenture as a result of the occurrence of a Series 2018-1 Event of Default (as defined below).
Principal Payment Dates and Principal Payment Amount:	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on ●**May** 15, ~~20~~●**2033** (such Payment Date, the "**Expected Principal Payment Date**"). Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date in respect of the Series 2018-1 Senior Notes and the then outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date.
Principal Payment Default Date:	~~●, 20●~~**May 15, 2035**

Principal Accumulation Amounts: Subject to the occurrence of an Amortization Event, the Series 2018-1 Senior Notes shall have the ~~following~~ Principal Accumulation Amounts ~~on~~**for** the Payment Dates ~~set out below:~~**specified in Appendix A hereto.**

~~Payment Date~~	~~Principal Accumulation Amounts~~
~~●, 20●~~	~~$●~~
~~●, 20●~~	~~$●~~
~~●, 20●~~	~~$●~~
~~●, 20●~~	~~$●~~

Following the occurrence of an Amortization Event, the Principal Accumulation Amount with respect to each Payment Date thereafter shall be an amount equal to the outstanding principal amount of the Series 2018-1 Senior Notes.

Subordination: Concurrent with the issuance of the Series 2018-1 Senior Notes, OPG will subscribe for (i) $● of ●% subordinated notes due ~~●,~~**May 15, 2033,** Series 2018-1 (the "**Series 2018-1 Subordinated Notes**"); and (ii) $● of ●% junior subordinated notes due ~~●,~~**May 15, 2033,** Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**"). The Series 2018-1 Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations), and the Series 2018-1 Junior Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations) and the Series 2018-1 Subordinated Notes (and all other Subordinated Funding Obligations), in each case in the manner described in the confidential shelf offering memorandum under the heading "*Capital Markets Platform – Subordination Provisions*".

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means ~~●, 20●.~~**November 15, 2032.**

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus ●% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment

	dealers specified by the Issuer.
Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under **the heading** *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.
Use of Proceeds:	The proceeds from the Series 2018-1 Senior Notes Offering will be used to refinance $● of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement. See *"Consolidated Capitalization"*. **Expenses of the Series 2018-1 Senior Notes Offering are to be paid from existing cash resources.**
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Change of Law Protection Agreement:	The Series 2018-1 Senior Notes are Approved Obligations under the Change of Law Protection Agreement.
Series 2018-1 Events of Default:	In addition to the Events of Default contained in the Master Trust Indenture and described in the confidential shelf offering memorandum, each of the following events constitute a "**Series 2018-1 Events of Default**": (a) failure to pay interest on the Series 2018-1 Senior Notes when due, subject to a 5-day cure period; (b) failure to pay principal on the Principal Payment Default Date for the Series 2018-1 Senior Notes; (c) breach of representation or warranty in the Series 2018-1 Senior Supplemental Indenture applicable to the Series 2018-1 Senior Notes, subject to materiality requirements and a 60-day cure period; (d) breach of a covenant in the Series 2018-1 Senior Supplemental Indenture, subject to materiality requirements and a 60-day cure period; and (e) an event occurs and as a result thereof, all or any portion of the principal amount of any other Senior Funding Obligation has been accelerated.
Acceleration upon a Series 2018-1 Event of Default:	Upon the occurrence of a Series 2018-1 Event of Default, the holders of Series 2018-1 Senior Notes may, by Ordinary Resolution, declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Senior Notes to be immediately due and payable, whether or not all Issuer Funding Obligations have been accelerated pursuant to the Master Trust Indenture. For a discussion of

	the consequences of such declaration, see the confidential shelf offering memorandum under the headings "*Capital Markets Platform – Acceleration and Remedies*" and "*Risk Factors – If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected*".
Rating Agency Condition:	"**Rating Agency Condition**" means with respect to any action in respect of the Series 2018-1 Senior Notes subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 business days prior to the effective date of such action (or if 10 business days prior notice is impractical, such advance notice as is practicable) and (i) the Rating Agencies shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, DBRS shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	~~[~~CIBC World Markets Inc. (joint lead and joint bookrunner), Goldman Sachs Canada Inc. (joint lead), RBC Dominion Securities Inc. (~~as co-leads and co-bookrunners)]~~, ●, ●, and ●joint lead and joint bookrunner), BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a

lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017. ~~***[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]***~~

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	$●
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	$1,179,000,000.00[(2)]	$●
Bank indebtedness……..	Nil	$●
Total Debt……	$1,179,000,000.00[(2)]	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	$1,179,010,000.01[(2)]	$●

(2) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000, or 10% of all short term debt, represented by Junior Subordinated Notes, Series 2017-1 held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On ~~October~~**November** 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, 2018, the Issuer had approximately $● outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' commission payable by the Issuer.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

APPENDIX A
PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	$●
February 15, 2030	$●
March 15, 2030	$●
April 15, 2030	$●
May 15, 2030	$●
June 15, 2030	$●
July 15, 2030	$●
August 15, 2030	$●
September 15, 2030	$●
October 15, 2030	$●
November 15, 2030	$●
December 15, 2031	$●
January 15, 2031	$●
February 15, 2031	$●
March 15, 2031	$●
April 15, 2031	$●
May 15, 2031	$●
June 15, 2031	$●
July 15, 2031	$●
August 15, 2031	$●
September 15, 2031	$●
October 15, 2031	$●
November 15, 2031	$●
December 15, 2031	$●
January 15, 2032	$●
February 15, 2032	$●
March 15, 2032	$●
April 15, 2032	$●
May 15, 2032	$●
June 15, 2032	$●
July 15, 2032	$●
August 15, 2032	$●
September 15, 2032	$●
October 15, 2032	$●
November 15, 2032	$●
December 15, 2033	$●
January 15, 2033	$●
February 15, 2033	$●
March 15, 2033	$●
April 15, 2033	$●
May 15, 2033	$●

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Description	Series 2018-1 Senior Notes Term Sheet (Fair Hydro Trust)
Document 2 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtemp2390_Fair Hydro - Series 2018-1 Senior Notes Term Sheet.DOCX
Description	_Fair Hydro - Series 2018-1 Senior Notes Term Sheet
Rendering set	Firm_Standard

Legend:	
Insertion	
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Moved to	
Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	113
Deletions	37
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	150

AGENCY AGREEMENT

February ●, 2018

Fair Hydro Trust
c/o Ontario Power Generation Inc.,
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: **[Name]**
[Title]

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: **[Name]**
[Title]

Dear Ladies and Gentlemen:

The undersigned, CIBC World Markets Inc. ("**CIBC**"), RBC Dominion Securities Inc. ("**RBC**" and together, with CIBC, the "**Joint Bookrunners**"), Goldman Sachs Canada Inc. ("**GSCI**", and collectively with RBC and CIBC, the "**Joint Leads**"), BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited (collectively with the Joint Leads, the "**Agents**"), understand that Fair Hydro Trust (the "**Issuer**") proposes to create, issue, offer and sell (the "**Offering**"), by way of private placement in all of the provinces of Canada (collectively, the "**Offering Jurisdictions**") to certain "accredited investors", as such term is defined under applicable Securities Laws (as defined herein), up to an aggregate principal amount of $● of ●% Senior Notes due May 15, 2033, Series 2018-1 (the "**Notes**"), at a price of $● per $1,000 principal amount and having the attributes set forth in the term sheet attached hereto as Appendix "A" (the "**Term Sheet**").

The Notes will be issued pursuant to a master trust indenture (the "**Master Trust Indenture**") dated as of December 21, 2017 between BNY Trust Company of Canada, as trustee (the "**Indenture Trustee**") and the Issuer, as supplemented by a term senior series 2018-1 supplemental indenture to the Master Trust Indenture (the "**First Term Supplemental Indenture**", and the Master Trust Indenture as amended and supplemented by the First Term Supplemental Indenture, the "**Indenture**") to be entered into as of the Closing Date (as defined herein) between the Indenture Trustee and the Issuer. A confidential shelf offering memorandum dated January ●, 2018 (together with the documents and exhibits included or incorporated by reference therein, the "**Shelf Offering Memorandum**"), as supplemented by the Term Sheet which, among other things, updates the Shelf Offering Memorandum to contain the final pricing information with respect to the Notes (collectively, the Shelf Offering Memorandum and the Term Sheet, the "**Offering Memorandum**"), has been prepared by the Issuer, with the assistance of the Agents, for use by the Agents in connection with the Offering.

The Issuer has entered into a management agreement dated as of December 20, 2017 pursuant to which the Issuer has delegated to Ontario Power Generation Inc. ("**OPG**"), as manager of the Issuer (the "**Manager**"), all of the powers and duties of managing the Issuer. OPG is executing this Agreement as principal only with respect to its representations, warranties and covenants set out in Section 10 and its indemnification obligations set out in Section 15(b) related to such representations, warranties and covenants and in all other respects, OPG is executing this Agreement in its capacity as Manager.

1. **Appointment**. The Issuer hereby appoints the Agents to act as its sole and exclusive agents to effect the solicitation and private placement of the Notes in the Offering Jurisdictions, and in such other jurisdictions as may be agreed upon in writing between the Issuer and the Agents, and the Agents hereby agree to act as exclusive agents for such purpose and to use their reasonable best efforts to solicit offers to purchase the Notes on behalf of the Issuer, subject to the terms and conditions contained herein. The Issuer agrees and acknowledges that the Agents will act as agents only and will not at any time be obligated to purchase any Notes.

2. **Agents' Fee**.

   In consideration of the services rendered or to be rendered by the Agents to the Issuer in connection with the Offering, the Issuer shall, on the closing of the Offering (the "**Closing**"), pay to the Agents a fee equal to ●% of the aggregate principal amount of the Notes sold to purchasers (the "**Purchasers**") under the Offering (the "**Agents' Fee**"). The parties agree and acknowledge that the Agents' Fee shall be allocated among the Agents as follows:

   (a) first, a work fee equal to 15% of the aggregate Agents' Fee shall be allocated equally between the Joint Leads;

   (b) second, the remainder of the aggregate Agents' Fee shall be allocated among the Agents pro rata as follows:

CIBC World Markets Inc.	25.00%
RBC Dominion Securities Inc.	25.00%
Goldman Sachs Canada Inc.	25.00%
BMO Nesbitt Burns Inc.	3.50%
Scotia Capital Inc.	3.50%
National Bank Financial Inc.	3.50%
TD Securities Inc.	3.50%
Morgan Stanley Canada Limited	3.50%
HSBC Securities (Canada) Inc.	3.00%
Laurentian Bank Securities Inc.	1.75%
Desjardins Securities Inc.	1.75%
Casgrain & Company Limited	1.00%

3. **Offering Restrictions.**

(a) The Offering is to be effected in a manner exempt from the prospectus requirements of Securities Laws. The Notes shall be offered for sale to Purchasers in accordance with the "accredited investor exemption" as defined in section 2.3 of National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators ("**NI 45-106**") and, in the case of Purchasers resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario) (the "**OSA**"). For the purposes of this Agreement, "**Securities Laws**" means the applicable securities acts and laws, and the rules and regulations promulgated thereunder, of the Offering Jurisdictions and the rules, instruments, orders, published policy statements, rulings and notices of the securities regulatory authorities of such jurisdictions.

(b) The Agents will solicit offers to purchase the Notes only from "accredited investors" (as such term is defined in section 1.1 of NI 45-106 or in section 73.3 of the OSA, as the case may be) in the Offering Jurisdictions who are not individuals unless such individuals are "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Requirements* ("**NI 31-103**")), all in accordance with all applicable Securities Laws and this Agreement and on a private placement basis so as not to require the Issuer to file a prospectus in any jurisdiction.

(c) The Agents acknowledge and agree that the Notes will not be registered under the United States Securities Act of 1933, as amended, (the "**1933 Act**") or applicable state securities laws and the Agents shall not offer or sell, directly or indirectly, in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "**United States**") or to a U.S. person (as defined in Regulation S under the 1933 Act).

(d) The Agents will, upon the prior consent of the Issuer, be entitled to offer the Notes to purchasers resident in jurisdictions outside of the United States and Canada, provided that the Agents conduct all such activities in compliance with the applicable laws of any such jurisdictions, and provided that the Agents do not solicit offers to purchase or sell the Notes so as to require registration of the Notes or filing of a prospectus with respect to the Notes under the laws of any jurisdiction or impose any additional obligations on the Issuer.

4. **Distribution of Notes**.

(a) The Issuer shall, as soon as reasonably practicable and in any event prior to the Closing Date, use its reasonable commercial efforts to fulfill to the satisfaction of legal counsel to the Agents (the "**Agents' Counsel**"), acting reasonably, all legal requirements to be fulfilled by the Issuer to enable the Notes to be offered for sale and sold in each of the Offering Jurisdictions through the Agents in the manner contemplated herein and without any requirement that a prospectus be filed under the Securities Laws. The Issuer shall also file or cause to be filed with the securities regulatory authorities in the Offering Jurisdictions all information and forms

required to be supplied or filed by it in connection with the Offering under applicable Securities Laws including, without limitation, filing the Offering Memorandum and the reports on Form 45-106F1 required under applicable Securities Laws. Each Agent acknowledges and agrees that it has taken or will take reasonable steps to confirm that each Purchaser of the Notes meets the terms and conditions of the prospectus exemption set forth in section 2.3 of NI 45-106 or section 73.3 of the OSA, as applicable, and obtains and retains, as necessary, relevant information and documentation to evidence the steps taken by such Agent to verify compliance with the exemption in accordance with its usual document retention policies and procedures in compliance with applicable Securities Laws, and will provide to the Issuer forthwith upon request all such information or documentation as the Issuer may reasonably request in good faith and solely for the purpose of verifying compliance with the exemption and assisting the Issuer with complying with its obligations under NI 45-106, including completing Form 45-106F1.

(b) The obligations of the Agents under this Agreement are several and not joint or joint and several. No Agent will be liable for any act, omission, default or conduct by any other Agent or any selling firm appointed by any other Agent.

5. **Deliveries by the Issuer**. The Issuer shall deliver to the Agents:

(a) reasonably promptly upon the Agents' request, such number of commercial copies of the Offering Memorandum to the offices of the Agents as the Agents may reasonably require by notice to the Issuer and an electronic version of the Offering Memorandum; and

(b) concurrently with the preparation thereof, copies of any other documents required to be signed and/or filed by the Issuer under the laws of any Offering Jurisdiction in connection with the Offering, including any Supplementary Material (as defined in Section 6), all of which the Issuer shall complete in form and substance satisfactory to the Agents, acting reasonably, and in compliance with applicable Securities Laws.

6. **Material Change**. For the purposes of this Agreement, the terms "**material change**", "**material fact**" and "**misrepresentation**" have the meanings ascribed thereto in Section 1(1) of the OSA. During the period from the date hereof to the Closing Date, the Issuer shall promptly notify the Agents in writing the full particulars of:

(a) any material change (actual, anticipated or threatened) in the business, affairs, operations, assets, liabilities (absolute, accrued, contingent or otherwise), capital or condition (financial or otherwise) of the Issuer or the Manager, which change is or will likely be of such nature as to result in a misrepresentation in the Offering Memorandum or any Supplementary Material (collectively, the "**Offering Documents**");

(b) any change in any material fact relating to or in respect of the Issuer or the Manager or to the business, affairs, operations, assets, liabilities (absolute, accrued, contingent or otherwise), capital or condition (financial or otherwise) of the Issuer

or the Manager contained in the Offering Documents, which change is or will likely be of such nature as to result in a misrepresentation therein;

(c) any change, to the knowledge of the Issuer, in applicable laws, materially and adversely affecting, or which may materially and adversely affect, the business, operations, affairs, prospects or property of the Issuer, the Notes or the Offering, including, without limitation, the occurrence of a Protection Event (as defined in the Change of Law Protection Agreement (as defined in the Master Trust Indenture)); and

(d) any order of any court or securities regulatory authority preventing or suspending the use of any portion of the Offering Documents, if any, or preventing or suspending the offering or sale of the Notes in accordance with this Agreement.

The Issuer shall first discuss with the Agents in good faith any change in circumstances (actual, anticipated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt whether notice needs to be given to the Agents pursuant to this Section 6.

The Issuer shall promptly comply with all applicable filings and other requirements under applicable Securities Laws in connection with the matters referred to in subsections (a) to (d) of this Section 6 and shall prepare an amendment or supplement to the Offering Memorandum, and any amendment or supplement thereto (collectively, the "**Supplementary Material**") as may be required by Securities Laws, provided that the Supplementary Material shall be in form and substance satisfactory to the Agents, acting reasonably. Neither the Issuer nor the Agents shall provide to prospective Purchasers any document or other material relating to the Offering other than the Offering Memorandum, any Supplementary Material or any other material previously approved by the Issuer and the Agents from time to time.

7. **Due Diligence**. During the period from the date of this Agreement to the Closing Date, the Agents shall be permitted to conduct such due diligence investigation of the Issuer and its assets, businesses and undertakings, as the Agents, acting reasonably, consider appropriate and to complete formal due diligence question and answer sessions with the Issuer and the Manager and with senior management, legal counsel and the auditor of the Issuer and such other persons as the Agents may reasonably request before the Closing Date. The Issuer and the Manager will make available to the Agents, on a reasonably timely basis, all trust, corporate, business and operating records, financial information, budgets and other information which the Agents may reasonably request, as well as access to appropriate officers and/or senior officers of the Issuer and the Manager (provided, that such access does not unduly interfere with the business operations of the Manager) and advisors and experts retained by the Issuer and/or the Manager in order to enable the Agents to complete their due diligence review.

8. **Offering Documents**. The Issuer and the Manager shall allow the Agents to participate fully in the preparation of the Offering Memorandum and any Supplementary Material and will exercise its reasonable commercial efforts to cause the appropriate officers and/or senior officers of the Issuer and the Manager to make themselves available to provide such assistance with marketing of the Notes as the Agents may reasonably require. The delivery

by the Issuer of the Offering Documents to the Agents will constitute the Issuer's and the Manager's consent to the Agents to the use thereof in connection with the Offering in accordance with the provisions of this Agreement as well as the representation and warranty of the Issuer and the Manager to the Agents that, at the time of such delivery:

(a) the information and statements contained in the Offering Documents (except information and statements relating solely to the Agents and furnished in writing by the Agents for use therein) contain no misrepresentation and contain no untrue statement of a material fact or do not omit to state a material fact regarding the Issuer, the Manager, the Notes or the Program Agreements (as defined in the Master Trust Indenture) that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made; and

(b) the Offering Documents comply in all material respects, as applicable, with all Securities Laws.

9. **Representations, Warranties and Covenants of the Issuer**. The Issuer represents and warrants to, and agrees with, the Agents, as follows:

(a) the Issuer is a trust duly constituted and validly existing under the laws of the province of Ontario and Computershare Trust Company of Canada (the "**Issuer Trustee**") has been appointed as trustee of the Issuer pursuant to the declaration of trust dated as of December 20, 2017 (the "**Declaration of Trust**");

(b) the Issuer is duly qualified to carry on its business in each jurisdiction in which it carries on business and is in good standing in each jurisdiction or place in which such qualification is required, except where the failure so to qualify or to be in good standing would not reasonably be expected to materially adversely affect its business, affairs, operations, financial condition, assets, properties, liabilities, capital, ownership or income taken together or have a material adverse effect on the ability of the Issuer to perform its obligations under any of this Agreement and the other Program Agreements (as defined in the Master Trust Indenture and collectively, the "**Transaction Documents**") to which it is a party (an "**Issuer Material Adverse Effect**");

(c) the Issuer has the power and authority to enter into and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party, and all other instruments and agreements delivered pursuant hereto and thereto;

(d) the execution, delivery and performance by the Issuer of, this Agreement and each of the other Transaction Documents to which it is a party, and every instrument or agreement delivered pursuant hereto and thereto:

(i) has been or will be duly authorized by all requisite action;

(ii) does not and will not conflict with, result in any breach or violation of, or constitute a default under the Declaration of Trust, or any applicable law, rule, regulation, order, judgment, determination or award presently in effect

and applicable to it, or of any material agreement or any other instrument to which it is now a party or any of its properties are subject or otherwise bound; and

(iii) does not require the consent, filing, authorization, order, registration, qualification or approval (other than those consents or approvals already obtained) of any person or governmental authority, except that the Issuer must file with the applicable securities regulatory authorities a report on Form 45-106F1, prepared and executed in accordance with NI 45-106, accompanied by any applicable prescribed fees, together in certain Offering Jurisdictions with a copy of the Offering Memorandum and any Supplementary Material;

(e) each of the Transaction Documents to which the Issuer is a party has been, or will be at or prior to the Closing, duly executed and delivered by the Issuer Trustee or the Manager, as the case may be, on behalf of the Issuer, and in addition in the case of the Notes, duly certified by the Indenture Trustee and each of the Transaction Documents is, or will be on the Closing, a legal, valid and binding obligation of the Issuer enforceable against it in accordance with its respective terms, subject to applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally and subject to the qualifications that equitable remedies may only be granted in the discretion of a court of competent jurisdiction and except that rights of indemnity, contribution and waiver of contribution may be limited under applicable law;

(f) the Issuer is not in violation of the Declaration of Trust or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound or to which any of the property or assets of the Issuer is subject (including, for the avoidance of doubt, any Transaction Documents to which it is a party), except for such defaults that would not reasonably be expected to have an Issuer Material Adverse Effect;

(g) the Issuer: (i) is not in violation in any material respect of any law, ordinance, franchise, governmental rule or regulation to which it is subject, (ii) has not failed to obtain any material license, permit, qualification or governmental authorization necessary to the ownership of its property or the conduct of its business, and (iii) is not in default in any material respect of any order of any court or governmental authority or arbitration board or tribunal to which it is subject;

(h) no event of default has occurred and is continuing in respect of any outstanding indebtedness of the Issuer;

(i) no Protection Event has occurred and no Suspension Notice (as defined in the Change of Law Protection Agreement) has been received by the Issuer, and upon satisfaction of the Adherence Conditions (as defined in the Change of Law Protection Agreement), the Notes shall constitute Approved Obligations (as defined in the Change of Law Protection Agreement);

(j) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(k) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(l) since ●, 2017, (i) there has been no Issuer Material Adverse Effect and (ii) there has been no change, which would have a material adverse effect on the ability of the Issuer to fulfill its payment obligations under the Notes;

(m) except as disclosed in the Offering Memorandum, there are no actions, suits or proceedings existing, or, to the Issuer's knowledge after having made due enquiry, pending or threatened, affecting the Issuer in any court or before or by any governmental authority as of the date hereof which if decided, determined or resolved in a manner adverse to the Issuer, could reasonably be expected to have an Issuer Material Adverse Effect or have a material adverse effect on: (i) the ability of the Issuer to perform its obligations under the Transaction Documents to which it is a party; (ii) the ability of the Issuer to fulfill its payment obligations under the Notes; or (iii) the ability of the Issuer to conduct its business as described in the Offering Memorandum;

(n) the Issuer is a direct or indirect subsidiary of the Manager;

(o) the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule";

(p) the Issuer is not in material default of its obligations under any applicable legislation, rules, regulations, instruments, guidelines or policies, including Securities Laws;

(q) no securities commission, stock exchange or similar regulatory authority has issued any order preventing or suspending trading in any securities of the Issuer or preventing or suspending use of the Shelf Offering Memorandum or the Offering Memorandum, and, to the knowledge of the Issuer, no proceedings, investigations or inquiries for such purpose are pending or contemplated or threatened;

(r) neither the Shelf Offering Memorandum (except to the extent corrected in the Term Sheet) nor the Term Sheet, as of their respective dates, contain any misrepresentation or contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which such statement was made, and the Offering Memorandum complies in all material respects with Securities Laws;

(s) the attributes and characteristics of the Notes and the Indenture conform, in all material respects, to the attributes and characteristics thereof described in the Offering Memorandum;

(t) the proceeds from the issuance of the Notes will be applied as described in the Term Sheet under the heading *"Use of Proceeds"*;

(u) the statements in the Shelf Offering Memorandum under the heading *"Statutory Rights of Actions*" and in the Term Sheet under the heading *"Certain Canadian Federal Income Tax Considerations"* accurately summarize, in all material respects, the matters referred to therein;

(v) other than as provided for in this Agreement, the Issuer has not incurred any obligation or liability (absolute, accrued, contingent or otherwise) for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the transactions contemplated herein;

(w) the Indenture Trustee at its principal office in the City of Toronto, Ontario has been or will be on the Closing Date duly appointed as the trustee under the Indenture in respect of the Notes;

(x) prior to the Closing Date, the form and terms of the global certificate(s) representing the Notes will have been approved and adopted by the Issuer and will comply with all legal requirements and will not conflict with the Indenture;

(y) all requisite action has been, or will be, taken by the Issuer to authorize the delivery of the Offering Memorandum and the filing of the Offering Memorandum with all applicable securities commissions or similar regulatory authorities, as applicable, as required by Securities Laws;

(z) the Issuer Trustee, as trustee of the Issuer, has all requisite power, authority and capacity to create, authorize, issue and sell the Notes and on or prior to the Closing Date all actions required to be taken by or on behalf of the Issuer will have occurred so as to validly create, authorize, issue and sell the Notes; and

(aa) on the Closing Date, upon execution and delivery of the Indenture, the Notes will be duly and validly created and, upon receipt of the purchase price will be duly and validly issued as fully paid Notes.

10. **Representations, Warranties and Covenants of OPG**. OPG represents and warrants to, and agrees with, the Agents, as follows:

(a) OPG is (i) a corporation duly incorporated and organized and validly existing under the *Business Corporations Act* (Ontario), (ii) duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification, except where the failure to so qualify would not reasonably be expected to materially adversely affect its business, affairs, operations, financial condition, assets, properties, liabilities, capital, ownership or income taken together or have a material adverse effect on its ability to perform its obligations under the change of law process agreement dated as of December 21, 2017 (the "**Change of Law Process Agreement**") between Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**") or its obligations under any of the

Transaction Documents to which it is a party (a "**Manager Material Adverse Effect**"), and (iii) has the power and authority to enter into and perform its obligations under the Change of Law Process Agreement and each of the Transaction Documents to which it is a party (including, for the avoidance of doubt, the Management Agreement);

(b) the execution, delivery and performance by OPG of, this Agreement, the Change of Law Process Agreement and each of the other Transaction Documents to which it is a party, and every instrument or agreement delivered pursuant hereto or thereto:

(i) has been or will be duly authorized by all requisite action;

(ii) does not and will not conflict with, result in any breach or violation of, or constitute a default under its constating documents, as amended, or bylaws, or any resolutions of its board of directors or shareholders, or any applicable law, rule, regulation, order, judgment, determination or award presently in effect and applicable to it, or of any material agreement or any other instrument to which it is now a party or any of its properties are subject or otherwise bound; and

(iii) does not require the consent, filing, authorization, order, registration, qualification or approval (other than those consents or approvals already obtained) of any person or governmental authority;

(c) none of OPG nor any of its subsidiaries is in violation of its constating documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which it or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the property or assets of OPG or any subsidiary of OPG is subject (including, for the avoidance of doubt, the Change of Law Process Agreement and any Transaction Documents to which it is a party), except for such defaults that would not reasonably be expected to have a Manager Material Adverse Effect;

(d) the Change of Law Process Agreement and each of the Transaction Documents to which OPG is a party has been, or will be at or prior to the Closing, duly executed and delivered by OPG, and the Change of Law Process Agreement and each of the Transaction Documents to which OPG is a party is, or will be on the Closing, a valid and binding obligation of OPG enforceable against it in accordance with its respective terms, subject to applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally and subject to the qualifications that equitable remedies may only be granted in the discretion of a court of competent jurisdiction and except that rights of indemnity, contribution and waiver of contribution may be limited under applicable law;

(e) OPG is not in material default of its obligations under any applicable legislation, rules, regulations, instruments, guidelines or policies, including Securities Laws, except, in each case for such defaults that would not reasonably be expected to have a Manager Material Adverse Effect;

(f) no Protection Event has occurred and no Suspension Notice has been received by OPG, and upon satisfaction of the Adherence Conditions, the Notes shall constitute Approved Obligations;

(g) except as disclosed in the Offering Memorandum, there are no actions, suits or proceedings pending or, to OPG's knowledge after having made due enquiry, pending or threatened, affecting OPG in any court or before or by any governmental authority as of the date hereof against OPG, any of its undertaking, property and assets which, if adversely decided, could reasonably be expected to materially adversely affect the issuance of the Notes or the consummation of the transactions contemplated by the Change of Law Process Agreement or the Transaction Documents; and

(h) neither the Shelf Offering Memorandum (except to the extent corrected in the Term Sheet) nor the Term Sheet, as of their respective dates, contain any misrepresentation or contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which such statement was made, and the Offering Memorandum complies in all material respects with Securities Laws.

11. **Representations, Warranties and Covenants of the Agents**. Each of the Agents, severally (and not jointly or jointly and severally) represent and warrant to the Issuer and agree with the Issuer that:

(a) it has not offered or sold, and will not offer or sell, any Notes to, or for the benefit of, any resident of Canada or any province thereof or to, or for the benefit of, any resident of any other jurisdiction (to the extent permitted to offer and sell Notes in such other jurisdictions pursuant to Section 3(d) hereof) in contravention of applicable Securities Laws or such other jurisdictions, as applicable;

(b) any offer of Notes in Canada will be made only pursuant to the exemption from the requirement to file a prospectus set forth in Section 2.3 of NI 45-106 and, in the case of Purchasers resident in Ontario, section 73.3(2) of the OSA, such that: (i) each Purchaser of Notes will be an "accredited investor" (as such term is defined in section 1.1 of NI 45-106 or in section 73.3 of the OSA, as the case may be) and further such that one or more of the categories set forth in the definition of "accredited investor" will correctly and in all respects describe such Purchaser; (ii) such Purchaser will not be a person created or being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in Section 1.1 of NI 45-106; and (iii) such Purchaser will either be purchasing the Notes as principal for their own account, or are deemed to be purchasing the Notes as principal by applicable law;

(c) any offer of Notes will not be made to individuals unless such individuals are "permitted clients" (as such term is defined in NI 31-103);

(d) it has taken or will take reasonable steps to confirm that each Purchaser of Notes in Canada meets the terms and conditions of the "accredited investor exemption" as defined in section 2.3 of NI 45-106 and, in the case of Purchasers resident in

Ontario, section 73.3(2) of the OSA (collectively, the "**AI Requirements**") and shall obtain and retain, as necessary, relevant information and documentation to evidence the steps taken to verify compliance with the AI Requirements in accordance with its usual document retention policies and procedures in compliance with applicable laws and provide to the Issuer forthwith upon request all such information or documentation as the Issuer may reasonably request in good faith and solely for the purpose of verifying compliance with the AI Requirements and assisting the Issuer with complying with its obligations under NI 45-106, including completing Form 45-106F1;

(e) it is duly qualified in the Offering Jurisdictions in a category of registration under applicable Securities Laws that permits it to offer and sell the Notes to purchasers resident in each of the Offering Jurisdictions in the manner contemplated herein and in the Offering Memorandum; and

(f) it has not and shall not make any representation or warranty with respect to the Issuer, the Manager or the Notes other than as set forth in the Offering Documents.

12. **Closing**. The Closing of the purchase and sale of the Notes under this Agreement will take place at the offices of Torys LLP, 79 Wellington St. West, 30th Floor, Box 270, TD South Tower Toronto, Ontario at [**9:00]** a.m. (Toronto time) on February ●, 2018 or at such other date and time as may be agreed upon by the Agents and the Issuer (the date of Closing, the "**Closing Date**" and the time of Closing on the Closing Date, the "**Closing Time**").

13. **Conditions to Closing; Closing Deliveries**. The obligations of the Agents under this Agreement to complete the purchase and sale of the Notes at the Closing Time is subject to the following conditions:

(a) the Issuer shall have obtained and provided to the Agents a final rating letter in respect of the Notes from each of DBRS Limited and Moody's Investor Services, Inc. providing a rating of **[AAA(sf)]** and **[Aa2(sf)]**, respectively, and such ratings shall not have been withdrawn, or down-graded or placed under "credit watch" nor shall any such action have been threatened;

(b) each of the Program Agreements to which the Issuer is a party (excluding the 2018-1 Term Supplemental Indentures (as defined below)) shall be in full force and effect as of the Closing Date;

(c) each of the First Term Supplemental Indenture, the junior subordinated series 2018-1 supplemental indenture to the Master Trust Indenture (the "**Junior Subordinated Term Supplemental Indenture**") and the subordinated series 2018-1 supplemental indenture to the Master Trust Indenture (the "**Subordinated Term Supplemental Indenture**" and together with the First Term Supplemental Indenture and the Junior Subordinated Term Supplemental Indenture, the "**2018-1 Term Supplemental Indentures**") shall have been executed and delivered by the appropriate parties thereunder, in form and substance satisfactory to the Agents, acting reasonably and the notes contemplated thereby shall have been validly issued;

(d) an adherence compliance certificate with respect to the Notes required pursuant to Section 4.02(a)(ii) of the Change of Law Protection Agreement or written confirmation that the Notes constitute Approved Obligations pursuant to Section 4.01(ii) of the Change of Law Protection Agreement, shall have been executed and delivered by the appropriate parties thereunder, in form and substance satisfactory to the Agents, acting reasonably;

(e) the Agents shall have received certificates from each of the Issuer and OPG dated the Closing Date, addressed to the Agents, and signed by two Responsible Officers (as defined in the Indenture) of the Issuer and two officers of OPG as may be acceptable to the Agents, acting reasonably, substantially as set out in Appendix "B" and Appendix "C", as applicable;

(f) the Agents shall have received a certificate, dated the Closing Date, signed by any Responsible Officer of the Issuer and addressed to the Agents and the Agents' Counsel, with respect to the constating documents of the Issuer and other action relating to the Master Trust Indenture, the 2018-1 Term Supplemental Indentures, the authorization, creation, issue and sale of the Notes and the incumbency and specimen signatures of signing officers;

(g) the Agents shall have received a certificate, dated the Closing Date, signed by any authorized officer of the Manager, with respect to: (i) a copy of its incorporating documents and all amendments thereto and applicable by-laws; (ii) resolutions of the board of directors of the Manager approving and authorizing the execution, delivery and performance of each of the Master Trust Indenture and 2018-1 Term Supplemental Indentures; and (iii) incumbency and signatures of signing officers of the Manager executing the Master Trust Indenture and the 2018-1 Term Supplemental Indentures and the other documents to be delivered by the Manager thereunder, in each case showing their names, offices and specimen signatures;

(h) the Agents shall have received a certificate, dated the Closing Date, signed by any authorized officer of the Issuer Trustee with respect to: (i) a copy of its incorporating documents and all amendments thereto and applicable by-laws; and (ii) incumbency and signatures of signing officers of the Issuer Trustee, in each case showing their names, offices and specimen signatures;

(i) the Agents shall have received certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(j) the Agents shall have received:

(i) an opinion of Torys LLP, legal counsel to the Issuer, addressed to the Agents, the Agents' Counsel and the Issuer dated the Closing Date, in form and substance satisfactory to the Agents, acting reasonably, with respect to matters relating to the Issuer and the Offering; it being understood that Torys LLP may rely, to the extent appropriate in the circumstances, as to

matters of fact, on certificates of officers, trustees, directors or other representatives of the Issuer, the Manager or the Issuer Trustee;

(i) an opinion of Hunton & Williams LLP, U.S. legal counsel to the Issuer, addressed to the Agents, the Agents' Counsel and the Issuer dated the Closing Date, in form and substance satisfactory to the Agents, acting reasonably, that the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule"; it being understood that Hunton & Williams LLP may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, trustees, directors or other representatives of Issuer, the Manager or the Issuer Trustee;

(k) the Agents shall have received a final report from Operis Business Engineering Limited, the model auditor, in form and substance acceptable to the Agents, acting reasonably, with respect to their review of the financial model;

(l) the Agents shall have received a favourable legal opinion, addressed to the Agents and dated the Closing Date, from Agents' Counsel, in a form acceptable to the Agents, acting reasonably; it being understood that Agents' Counsel may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, directors or other representatives of the Issuer, the Issuer Trustee or the Manager;

(m) the Issuer shall have met all requirements of CDS Clearing and Depository Services Inc. ("**CDS**") necessary to make use of its book entry system;

(n) the Issuer shall deliver one global certificate representing the Notes, registered in the name of "CDS & Co." (or in such other name as the Agents may direct in writing not less than 24 hours prior to the Closing) and duly signed by a Responsible Officer of the Issuer and countersigned by the Indenture Trustee, against payment to the Issuer, or as the Issuer may direct to the Agents in writing not less than 48 hours prior to the Closing, of the aggregate purchase price for the Notes, net of the Agents' Fee, by electronic wire transfer of immediately available funds or in such other manner as the Issuer and the Agents may agree;

(o) all consents, approvals and authorizations from any governmental authority or body or any other third party required for the creation, issuance, sale and delivery of the Notes or the fulfillment of the terms of the Transaction Documents shall have been obtained; and

(p) the receipt of such other documentation or information as may be requested by the Agents and which they have determined to be necessary to give effect to the Offering, acting reasonably.

14. **Rights of Termination.**

(a) If, prior to the Closing:

(i) any action, suit or other proceeding, whether formal or informal, occurs or is commenced, announced or threatened, or any order is made by any governmental authority or there is a change of law or in the interpretation or administration thereof (including a Protection Event), which in the opinion of any of the Agents, acting reasonably, operates to prevent or materially restrict trading or the distribution of the Notes or which would be expected to have an Issuer Material Adverse Effect or which materially adversely affects the market price or value of the Notes;

(ii) there occurs any material change or a change in any material fact or any new fact such as is contemplated by Section 6, which has, or in the opinion of any of the Agents could reasonably be expected to have, an Issuer Material Adverse Effect or materially adversely affect the market price or value of the Notes; or

(iii) there develops, occurs or comes into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, acts of hostilities or escalation thereof or other calamity or crises or any change or development involving a prospective change in national or international political, financial or economic conditions or any incident, governmental action, law, regulation, policy, inquiry or other occurrence of any nature whatsoever which, in the reasonable opinion of any of the Agents, materially adversely affects, or involves, or will materially adversely affect the financial markets or which operates to prevent or materially restrict the trading or the distribution of the Notes;

the Agents (or any of them) are entitled at their sole option, to terminate their obligations under this Agreement by written notice to that effect given to the Issuer any time prior to the Closing Time.

(b) The Issuer agrees that all terms and conditions contained herein will be construed as conditions, that they shall use commercially reasonable efforts to cause such conditions to be complied with, and that any breach or failure by the Issuer to comply with any such conditions, in any material respect, will entitle any of the Agents to terminate their obligations under this Agreement by written notice to that effect given to the Issuer at or prior to the Closing Time. The Agents may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to their rights in respect of any other terms and conditions or any other breach, subsequent breach or non-compliance, provided that to be binding on an Agent, any such waiver must be in writing and signed by such Agent.

(c) The rights of termination contained in subsections (a) and (b) of this Section 14 are in addition to any other rights or remedies the Agents may have in respect of any default, act or failure to act or non-compliance by the Issuer in respect of any of the

matters contemplated by this Agreement or otherwise. In the event of any such termination, there will be no further liability on the part of the Agents to the Issuer, or on the part of the Issuer to the Agents, except, in each case, in respect of any liability which may have arisen prior to or which arises after such termination under any of Sections 15 and 16.

15. **Indemnity.**

(a) The Issuer agrees to indemnify and hold harmless each of the Agents and each of their affiliates and each of their respective directors, officers, employees and agents, (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**"), from and against any and all losses (other than loss of profit in connection with the distribution of the Notes), expenses, claims (including shareholder actions, derivative or otherwise), actions, damages and liabilities, joint or several, including, without limitation, the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel (collectively, the "**Losses**") that may be suffered by, imposed upon or asserted against an Indemnified Party as a result of, in respect of, or connected with or arising out of any action, suit, proceeding, investigation or claim that may be made or threatened by any person or in enforcing this indemnity (collectively the "**Claims**") insofar as the Claims relate to, are caused by, or result from, arise out of or are based upon, directly or indirectly:

(i) any breach by the Issuer of applicable Securities Laws in connection with the offer, issue and sale of the Notes under this Agreement or as a result of any order made against the Issuer by any court or governmental authority in the Offering Jurisdictions which operates to prevent or materially restrict trading in or the distribution of the Notes;

(ii) any misrepresentation or alleged misrepresentation in the Offering Documents or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (other than a misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the information contained therein relating solely to the Agents which was furnished in writing by the Agents for use therein);

(iii) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority or other competent authority, based on any misrepresentation or any alleged misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the Offering Memorandum, which prevents or restricts the trading in or the distribution of the Notes;

(iv) any inaccuracy of any representation or warranty of the Issuer contained in this Agreement or in any certificate or other document delivered by the Issuer pursuant hereto; or

(v) any breach by the Issuer of any covenant, term or condition to be performed by it contained in this Agreement or in any document or certificate delivered by the Issuer pursuant hereto.

(b) In addition to the Issuer's obligations under section 15(a), OPG agrees to indemnify and hold harmless each of the Indemnified Parties, from and against any and all Losses that may be suffered by, imposed upon or asserted against an Indemnified Party as a result of, in respect of, or connected with or arising out of any Claim insofar as the Claims relate to, are caused by, or result from, arise out of or are based upon, directly or indirectly:

(i) any breach by OPG or the Issuer of applicable Securities Laws in connection with the offer, issue and sale of the Notes under this Agreement or as a result of any order made against the Issuer by any court or governmental authority in the Offering Jurisdictions which operates to prevent or materially restrict trading in or the distribution of the Notes;

(ii) any misrepresentation or alleged misrepresentation in the Offering Documents or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (other than a misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the information contained therein relating solely to the Agents which was furnished in writing by the Agents for use therein);

(iii) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority or other competent authority, based on any misrepresentation or any alleged misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the Offering Memorandum, which prevents or restricts the trading in or the distribution of the Notes;

(iv) any inaccuracy of any representation or warranty of OPG or the Issuer contained in this Agreement or in any certificate or other document delivered by OPG or the Issuer pursuant hereto; or

(v) any breach by OPG or the Issuer of any covenant, term or condition to be performed by either of them contained in this Agreement or in any document or certificate delivered by OPG or the Issuer pursuant hereto, excluding the 2018-1 Term Supplemental Indentures or the notes issued thereunder.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that with respect to its indemnification obligations set out in Section 15(b)(i), (iv) and (v), OPG is not agreeing to indemnify or hold any Indemnified Party harmless with respect to any of the following:

(i) any Losses resulting from any breach by the Issuer of any covenant, term or condition to be performed by it contained in this Agreement or in any document or certificate delivered by the Issuer pursuant hereto caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Ontario Fair Hydro Plan Act, 2017 or the regulations passed thereunder; provided that this Section 15(c)(i) shall not apply to limit the liability of OPG in respect of any delegation to a third party as provided for in Section 4.7 of the Management Agreement;

(ii) any Losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than Losses resulting solely from OPG's failure to comply with Section 4.1(a)(xiv) of the Management Agreement; or

(iii) any Losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province.

(d) The parties hereto agree that neither the Issuer nor OPG is providing any representations, warranties or covenants in this Agreement or in any document or certificate delivered by OPG or the Issuer pursuant hereto, and shall have no liability to any Indemnified Party, with respect to the collectability of the Clean Energy Adjustment (as defined in the Management Agreement) or the Carrying Costs (as defined in the Management Agreement), or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Notes, provided that, for greater certainty, the foregoing qualification is not meant to diminish in any way the representations and warranties given by OPG or the Issuer in this Agreement, or in any document or certificate delivered by OPG or the Issuer pursuant hereto, that neither the Shelf Offering Memorandum (except to the extent corrected in the Term Sheet) nor the Term Sheet, as of their respective dates, contain any misrepresentation or contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which such statement was made.

(e) The Issuer and OPG are each referred to in this Section 15 as an "**Indemnifying Party**". Each Indemnifying Party agrees to waive any right such Indemnifying Party may have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under the indemnity in this Section 15. Each Indemnifying Party will not, without the Agents' prior written consent (as the case may be), such consent not to be unreasonably withheld, settle, compromise, consent to the entry

of any judgment in or otherwise seek to terminate any Claim in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Party from any liabilities arising out of such Claim without any admission of negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party.

(f) Promptly after receiving notice of a Claim against the Agents or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from an Indemnifying Party, the Agents or any such other Indemnified Party will notify the Indemnifying Party promptly in writing of the particulars thereof, provided that the omission so to notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability which the Indemnifying Party may have to the Agents or any other Indemnified Party except and only to the extent that any such delay in or failure to give notice as herein required prejudices the defence of such Claim or results in any material increase in the liability which the Indemnifying Party has under this Section 15. Each Indemnifying Party shall have 14 calendar days after receipt of the notice to undertake, conduct and control, through counsel of its own choosing and at its own expense, the settlement or defence of the Claim. If the Indemnifying Party undertakes, conducts and controls the settlement or defence of the Claim, the relevant Indemnified Parties shall have the right to participate in the settlement or defence of the Claim at their own cost subject to Section 15(h).

(g) The indemnity in this Section 15 shall cease to apply to an Indemnified Party to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable determines that such Losses to which the Indemnified Party may be subject were primarily caused by the fraud, fraudulent misrepresentation or gross negligence of such Indemnified Party or the Claim being asserted is as a result of a person not being provided with the Offering Memorandum or any Supplementary Material which corrects any misrepresentation or omission or alleged misrepresentation or omission in the Offering Memorandum or any other Supplementary Material due to a failure by the Agents to provide to such person such documents, as applicable, and which the Indemnifying Party has provided to the Agents to provide to such person, and in such event the Indemnified Party shall reimburse to the Indemnifying Party any funds advanced to the Indemnified Party in respect of such Claim.

(h) Each of the Indemnified Parties may retain counsel to separately represent them in the defence of a Claim, which shall be at the applicable Indemnifying Party's expense if: (i) the Indemnifying Party does not promptly assume the defence of the Claim no later than 14 calendar days after receiving actual notice of the Claim, (ii) the Indemnifying Party agrees to such separate representation, or (iii) the Indemnified Party, as the case may be, are advised by counsel that there is an actual or potential conflict between the Indemnifying Party's interests on the one hand and the Indemnified Party's interests on the other hand or additional defences are

available to the Indemnified Parties, which makes representation by the same counsel inappropriate.

(i) In order to provide for just and equitable contribution in circumstances in which the indemnity in this Section 15 is unavailable (other than in accordance with the terms hereof) to the Indemnified Parties or insufficient to hold them harmless in respect of a Claim, the Indemnifying Parties shall jointly and severally contribute to the amount paid or payable by the Agents, as a result of such Claim in such proportion so that the Agents shall be responsible for that portion represented by percentage that the Agents' Fee received by the Agents hereunder bears to the aggregate principal amount of the Notes sold hereunder and the Indemnifying Parties shall be responsible for the balance whether or not they have been sued separately or together, provided, however that each Agent shall not in any event be liable to contribute, in the aggregate, any amount in excess of the Agents' Fee actually received by such Agent. The rights to contribution provided hereunder shall be in addition to and not in derogation of any other right to contribution which the Agents may have by statute or otherwise at law. No person that is determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have engaged in any fraud, fraudulent misrepresentation or gross negligence in connection with any matter that is the subject of the contribution payments contemplated by this Section 15(i) shall be entitled to such contribution.

(j) Each Indemnifying Party hereby constitutes each of the Agents as trustee, respectively, for each of the other Indemnified Parties, as appropriate, of the Indemnifying Party's covenants under the indemnity in this Section 15 with respect to those persons and the Agents agree to accept that trust and to hold and enforce those covenants on behalf of those persons.

(k) The obligations of the Indemnifying Party hereunder are in addition to any liabilities which such Indemnifying Party may otherwise have to the Agents or any other Indemnified Party.

16. **Expenses**. Whether or not the Offering is completed, all expenses of or incidental to the creation, authorization, issue, delivery and sale of the Notes and of or incidental to all other matters in connection with the Offering shall be borne by the Issuer, including, without limitation, reasonable expenses payable in connection with the fees and expenses of counsel to the Issuer, counsel to the Agents and local counsel in each of the Offering Jurisdictions, fees and disbursements of its accountants and auditors and other experts, the Indenture Trustee's fees, fees of ratings agencies and CDS, printing costs, delivery charges, fees and costs incurred in connection with the marketing of the Notes including travel expenses, road-shows, and filing fees (including securities regulatory private placement filing fees and fees payable to the Investment Industry Regulatory Organization of Canada), reasonable and documented out-of-pocket expenses of the Agents and all taxes payable on such fees and expenses.

17. **Severability**. If any provision of this Agreement is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision shall be severable from this Agreement.

18. **Public Announcement**. For the period commencing on the date hereof and expiring on the Closing Date, and subject to the requirements of the Securities Laws, each of the Issuer and the Manager shall not, without first obtaining the approval of the Agents (such approval not to be unreasonably withheld), and the Agents shall not, without first obtaining the approval of the Issuer and the Manager, make any public communications, verbally, electronically or in writing, including issuing any press release respecting the issue of the Notes.

19. **Survival**. The representations, warranties, covenants, obligations and agreements of the parties contained herein or delivered pursuant hereto shall survive the issuance and sale of the Notes and shall continue in full force and effect notwithstanding any subsequent disposition of the Notes. The Agents shall be entitled to rely on the representations and warranties of the Issuer and the Manager contained in Sections 8, 9 and 10 herein or delivered pursuant hereto notwithstanding any investigation which the Agents may undertake or which may be undertaken on the Agents' behalf.

20. **Acknowledgement of Agents**. Each Agent (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor (as defined in the Master Trust Indenture) under the Master Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability hereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition); (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Master Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (y) add the Agents (or their respective agents) to the register of Specified Creditors described in Section 13.13 of the Master Trust Indenture and (z) disseminate the notice details of the Agents to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Master Trust Indenture.

21. **Notices**. Any notice or other communication to be given hereunder shall, in the case of notice to the Issuer, be addressed to:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Lubna Ladak
Telephone: (416) 592-5984
Facsimile: (416) 592-4189
E-mail: lubna.ladak@opg.com

with a copy to:

Computershare Trust Company of Canada, in its capacity as Issuer Trustee for the Issuer
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: ●
Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Ontario Power Generation Inc., in its capacity as Manager of the Issuer
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Lubna Ladak
Telephone: (416) 592-5984
Facsimile: (416) 592-4189
E-mail: lubna.ladak@opg.com

with a copy to:

Torys LLP
79 Wellington St. West
30th Floor, Box 270
TD South Tower
Toronto, ON M5K 1N2

Attention: Rima Ramchandani
Telephone: (416) 865-7500
Facsimile: (416) 865-7380
E-mail: rramchandani@torys.com

and, in the case of notice to the Agents, to:

CIBC World Markets Inc.
Brookfield Place
5th Floor, 161 Bay Street
Toronto, ON M5J 2S8

Attention: ●

Telephone: ●
Facsimile: (416) 594-7760
E-mail: ●

- and -

RBC Dominion Securities Inc.

200 Bay Street, 2nd Floor
Royal Bank Plaza, North Tower
Toronto, ON M5J 2W7

Attention: Nur Khan, Managing Director
Telephone: (416) 842-3828
Facsimile: (416) 842-3888
E-mail: Nur.Khan@rbccm.com

- and -

Goldman Sachs Canada Inc.
●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

- and -

BMO Nesbitt Burns Inc.
●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Scotia Capital Inc.
●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

- and -

National Bank Financial Inc.

●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

- and -

TD Securities Inc.
●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Morgan Stanley Canada Limited
●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

- and -

HSBC Securities (Canada) Inc.
●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Laurentian Bank Securities Inc.

●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Desjardins Securities Inc.
●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Casgrain & Company Limited
●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

with a copy to the Agents' Counsel at:

Osler, Hoskin & Harcourt LLP
100 King Street West
Suite 6200, P.O. Box 50
1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Michael Innes
Telephone: (416) 862-4284
Facsimile: (416) 862-6666
E-mail: MInnes@osler.com

Any such notice or other communication shall be in writing, and unless delivered personally to a responsible officer of the addressee, shall be given by courier service or fax (with receipt confirmed) or e-mail, and will be deemed to have been received, if given by fax or e-mail, on the day of sending (if such day is a Business Day and, if not, on the next Business Day following the sending thereof) and, if given by courier service, on the next Business Day following the sending thereof. For the purposes of this Agreement, a "**Business Day**" means a day which is not a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario.

22. **Confidentiality.** Other than the terms and conditions of this Agreement that are disclosed in the Offering Memorandum, the Issuer, the Manager and the Agents agree that they shall keep the terms and conditions of this Agreement confidential and shall not disclose the terms and conditions of this Agreement to any other person except to their affiliates and those directors, officers, employees and agents of each of the Issuer, the Manager and the Agents who need to review such terms and conditions so as to be able to give effect to the Offering (including pursuant to standard internal requirements); provided, however, that nothing in this Section 22 shall restrict disclosure by the Issuer, the Manager or any of the Agents of the terms and conditions of this Agreement if: (i) such party is legally compelled to do so by order of a court or other competent governmental or regulatory agency, in the course of any judicial or administrative proceeding or by applicable law, or (ii) such party is reasonably required to do so in order to protect its legitimate interests in connection with a legal proceeding under this Agreement.

23. **Time of the Essence**. Time is of the essence of this Agreement.

24. **Currency**. Unless otherwise indicated, all references to "$" in this Agreement are references to the lawful currency of Canada.

25. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein and the courts of such province will have exclusive jurisdiction over any dispute hereunder.

26. **Entire Agreement**. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings relating to the Offering. This Agreement may only be amended or modified in any respect by the written agreement of all of the parties hereto.

27. **Assignment.** None of the rights and obligations of the parties hereunder shall be assignable or transferable by any party without the prior written consent of the other parties hereto.

28. **Successors and Assigns**. The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Issuer, the Manager and the Agents and their respective successors and permitted assigns.

29. **Singular and Plural; Gender**. Where the context so requires, words importing the singular number include the plural and *vice versa*, and words importing gender shall include the masculine, feminine and neuter genders.

30. **Execution in Counterparts**. This Agreement may be executed in counterparts (including counterparts by facsimile), each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

[Signature page follows]

If the foregoing is acceptable to the Issuer and the Manager, please signify such acceptance by signing and returning one copy of this letter to the Agents, which accepted offer shall constitute the contract for the provision of services of the Agents in connection with the Offering referred to herein and shall constitute a binding agreement between the parties hereto.

Yours very truly,

CIBC WORLD MARKETS INC.

By: _____
Name:
Title:

RBC DOMINION SECURITIES INC.

By: _____
Name:
Title:

GOLDMAN SACHS CANADA INC.

By: _____
Name:
Title:

BMO NESBITT BURNS INC.

By: _____
Name:
Title:

SCOTIA CAPITAL INC.

By: _____
Name:
Title:

[Signature page to Agency Agreement]

NATIONAL BANK FINANCIAL INC.

By: _____
Name:
Title:

TD SECURITIES INC.

By: _____
Name:
Title:

MORGAN STANLEY CANADA LIMITED

By: _____
Name:
Title:

HSBC SECURITIES (CANADA) INC.

By: _____
Name:
Title:

LAURENTIAN BANK SECURITIES INC.

By: _____
Name:
Title:

DESJARDINS SECURITIES INC.

By: _____
Name:
Title:

CASGRAIN & COMPANY LIMITED

By: _____
Name:
Title:

[Signature page to Agency Agreement]

ACCEPTED AND AGREED to this _____ day of February, 2018.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

APPENDIX “A”

TERM SHEET

(see attached)

APPENDIX "B"

FORM OF OFFICERS' CERTIFICATE OF THE ISSUER

1. the Issuer has duly complied with all terms and conditions of this Agreement, the Master Trust Indenture and the 2018-1 Term Supplemental Indentures on its part to be complied with and satisfied at or prior to the Closing and no Termination Event (as defined in the Master Trust Indenture) has occurred;

2. no order, ruling or determination having the effect of suspending the sale or ceasing or suspending trading in the Notes or any other securities of the Issuer has been issued by any securities commission or any other regulatory authority and is continuing in effect and no proceedings for such purpose have been instituted and are continuing or are pending or, to the knowledge, information and belief of the persons signing such certificate, are contemplated or threatened;

3. the representations and warranties of the Issuer contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time, after giving effect to the transactions contemplated by this Agreement;

4. the representations and warranties of the Issuer set forth in Section 12.01 of the Master Trust Indenture and Section 3.1 of the Supplemental Indenture are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby; and

5. to the knowledge of the Issuer (after due inquiry), no default or Event of Default has occurred or is continuing. For the purposes of such certificate, an "Event of Default" has the meaning to be given to such terms in the Indenture.

APPENDIX "C"

FORM OF OFFICERS' CERTIFICATE OF OPG

1. OPG has duly complied with all terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Closing; and

2. the representations and warranties of OPG contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time, after giving effect to the transactions contemplated by this Agreement.

AGENCY AGREEMENT

~~January~~February ●, 2018

Fair Hydro Trust
c/o Ontario Power Generation Inc.,
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: **[Name]**
[Title]

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: **[Name]**
[Title]

Dear Ladies and Gentlemen:

The undersigned, CIBC World Markets Inc. ("CIBC"), RBC Dominion Securities Inc. ("RBC" and together, with CIBC, the "Joint Bookrunners"), Goldman Sachs Canada Inc.~~, ● and ● (collectively~~ ("GSCI", and collectively with RBC and CIBC, the "Joint Leads"), BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited (collectively with the Joint Leads, the "**Agents**"), understand that Fair Hydro Trust (the "**Issuer**") proposes to create, issue, offer and sell (the "**Offering**"), by way of private placement in all of the provinces of Canada (collectively, the "**Offering Jurisdictions**") to certain "accredited investors", as such term is defined under applicable Securities Laws (as defined herein), up to an aggregate principal amount of $● of ●% Senior Notes due ~~●,~~May 15, 2033, Series 2018-1 (the "**Notes**"), at a price of $● per $1,000 principal amount and having the attributes set forth in the term sheet attached hereto as Appendix "A" (the "**Term Sheet**").

The Notes will be issued pursuant to a master trust indenture (the "**Master Trust Indenture**") dated as of December 21, 2017 between BNY Trust Company of Canada, as trustee (the "**Indenture Trustee**") and the Issuer, as supplemented by a term senior series ~~[~~2018-1~~]~~ supplemental indenture to the Master Trust Indenture (the "**First Term Supplemental Indenture**", and the Master Trust Indenture as amended and supplemented by the First Term Supplemental Indenture, the "**Indenture**") to be entered into as of the Closing Date (as defined herein) between the Indenture Trustee and the Issuer. A confidential shelf offering memorandum dated January ●, 2018 (together with the documents and exhibits included or incorporated by reference therein, the "**Shelf Offering Memorandum**"), as supplemented by the Term Sheet which, among other things, updates the Shelf Offering Memorandum to contain the final pricing information with respect to the Notes (collectively, the Shelf Offering Memorandum and the

Term Sheet, the "**Offering Memorandum**"), has been prepared by the Issuer, with the assistance of the Agents, for use by the Agents in connection with the Offering.

The Issuer has entered into a management agreement dated as of December 20, 2017 pursuant to which the Issuer has delegated to Ontario Power Generation Inc. ("**OPG**"), as manager of the Issuer (the "**Manager**"), all of the powers and duties of managing the Issuer. OPG is executing this Agreement as principal only with respect to its representations, warranties and covenants set out in Section 10 and its indemnification obligations set out in Section 15(b) related to such representations, warranties and covenants and in all other respects, OPG is executing this Agreement in its capacity as Manager.

1. **Appointment**. The Issuer hereby appoints the Agents to act as its sole and exclusive agents to effect the solicitation and private placement of the Notes in the Offering Jurisdictions, and in such other jurisdictions as may be agreed upon in writing between the Issuer and the Agents, and the Agents hereby agree to act as exclusive agents for such purpose and to use their reasonable best efforts to solicit offers to purchase the Notes on behalf of the Issuer, subject to the terms and conditions contained herein. The Issuer agrees and acknowledges that the Agents will act as agents only and will not at any time be obligated to purchase any Notes.

2. **Agents' Fee**.

   In consideration of the services rendered or to be rendered by the Agents to the Issuer in connection with the Offering, the Issuer shall, on the closing of the Offering (the "**Closing**"), pay to the Agents a fee equal to ●% of the aggregate principal amount of the Notes sold to purchasers (the "**Purchasers**") under the Offering (the "**Agents' Fee**"). The parties agree and acknowledge that the Agents' Fee shall be allocated among the Agents as follows:

   (a) first, a work fee equal to 15% of the aggregate Agents' Fee shall be allocated equally between the Joint Leads;

   (b) second, the remainder of the aggregate Agents' Fee shall be allocated among the Agents pro rata as follows:

CIBC World Markets Inc.	●25.00%
RBC Dominion Securities Inc.	●25.00%
Goldman Sachs Canada Inc.	●25.00%
●BMO Nesbitt Burns Inc.	●3.50%
●Scotia Capital Inc.	●3.50%
National Bank Financial Inc.	3.50%
TD Securities Inc.	3.50%
Morgan Stanley Canada Limited	3.50%
HSBC Securities (Canada) Inc.	3.00%
Laurentian Bank Securities Inc.	1.75%
Desjardins Securities Inc.	1.75%

Casgrain & Company Limited	1.00%

3. **Offering Restrictions.**

(a) The Offering is to be effected in a manner exempt from the prospectus requirements of Securities Laws. The Notes shall be offered for sale to Purchasers in accordance with the "accredited investor exemption" as defined in section 2.3 of National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators ("**NI 45-106**") and, in the case of Purchasers resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario) (the "**OSA**"). For the purposes of this Agreement, "**Securities Laws**" means the applicable securities acts and laws, and the rules and regulations promulgated thereunder, of the Offering Jurisdictions and the rules, instruments, orders, published policy statements, rulings and notices of the securities regulatory authorities of such jurisdictions.

(b) The Agents will solicit offers to purchase the Notes only from "accredited investors" (as such term is defined in section 1.1 of NI 45-106 or in section 73.3 of the OSA, as the case may be) in the Offering Jurisdictions who are not individuals unless such individuals are "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Requirements* ("**NI 31-103**")), all in accordance with all applicable Securities Laws and this Agreement and on a private placement basis so as not to require the Issuer to file a prospectus in any jurisdiction.

(c) The Agents acknowledge and agree that the Notes will not be registered under the United States Securities Act of 1933, as amended, (the "**1933 Act**") or applicable state securities laws and the Agents shall not offer or sell, directly or indirectly, in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "**United States**") or to a U.S. person (as defined in Regulation S under the 1933 Act).

(d) The Agents will, upon the prior consent of the Issuer, be entitled to offer the Notes to purchasers resident in jurisdictions outside of the United States and Canada, provided that the Agents conduct all such activities in compliance with the applicable laws of any such jurisdictions, and provided that the Agents do not solicit offers to purchase or sell the Notes so as to require registration of the Notes or filing of a prospectus with respect to the Notes under the laws of any jurisdiction or impose any additional obligations on the Issuer.

4. **Distribution of Notes**.

(a) The Issuer shall, as soon as reasonably practicable and in any event prior to the Closing Date, use its reasonable commercial efforts to fulfill to the satisfaction of

legal counsel to the Agents (the "**Agents' Counsel**"), acting reasonably, all legal requirements to be fulfilled by the Issuer to enable the Notes to be offered for sale and sold in each of the Offering Jurisdictions through the Agents in the manner contemplated herein and without any requirement that a prospectus be filed under the Securities Laws. The Issuer shall also file or cause to be filed with the securities regulatory authorities in the Offering Jurisdictions all information and forms required to be supplied or filed by it in connection with the Offering under applicable Securities Laws including, without limitation, filing the Offering Memorandum and the reports on Form 45-106F1 required under applicable Securities Laws. Each Agent acknowledges and agrees that it has taken or will take reasonable steps to confirm that each Purchaser of the Notes meets the terms and conditions of the prospectus exemption set forth in section 2.3 of NI 45-106 or section 73.3 of the OSA, as applicable, and obtains and retains, as necessary, relevant information and documentation to evidence the steps taken by such Agent to verify compliance with the exemption in accordance with its usual document retention policies and procedures in compliance with applicable Securities Laws, and will provide to the Issuer forthwith upon request all such information or documentation as the Issuer may reasonably request in good faith and solely for the purpose of verifying compliance with the exemption and assisting the Issuer with complying with its obligations under NI 45-106, including completing Form 45-106F1.

(b) The obligations of the Agents under this Agreement are several and not joint or joint and several. No Agent will be liable for any act, omission, default or conduct by any other Agent or any selling firm appointed by any other Agent.

5. **Deliveries by the Issuer**. The Issuer shall deliver to the Agents:

(a) reasonably promptly upon the Agents' request, such number of commercial copies of the Offering Memorandum to the offices of the Agents as the Agents may reasonably require by notice to the Issuer and an electronic version of the Offering Memorandum; and

(b) concurrently with the preparation thereof, copies of any other documents required to be signed and/or filed by the Issuer under the laws of any Offering Jurisdiction in connection with the Offering, including any Supplementary Material (as defined in Section 6), all of which the Issuer shall complete in form and substance satisfactory to the Agents, acting reasonably, and in compliance with applicable Securities Laws.

6. **Material Change**. For the purposes of this Agreement, the terms "**material change**", "**material fact**" and "**misrepresentation**" have the meanings ascribed thereto in Section 1(1) of the OSA. During the period from the date hereof to the Closing Date, the Issuer shall promptly notify the Agents in writing the full particulars of:

(a) any material change (actual, anticipated or threatened) in the business, affairs, operations, assets, liabilities (absolute, accrued, contingent or otherwise), capital or condition (financial or otherwise) of the Issuer or the Manager, which change is or will likely be of such nature as to result in a misrepresentation in the Offering

Memorandum or any Supplementary Material (collectively, the "**Offering Documents**");

(b) any change in any material fact relating to or in respect of the Issuer or the Manager or to the business, affairs, operations, assets, liabilities (absolute, accrued, contingent or otherwise), capital or condition (financial or otherwise) of the Issuer or the Manager contained in the Offering Documents, which change is or will likely be of such nature as to result in a misrepresentation therein;

(c) any change, to the knowledge of the Issuer, in applicable laws, materially and adversely affecting, or which may materially and adversely affect, the business, operations, affairs, prospects or property of the Issuer, the Notes or the Offering, including, without limitation, the occurrence of a Protection Event (as defined in the Change of Law Protection Agreement (as defined in the Master Trust Indenture)); and

(d) any order of any court or securities regulatory authority preventing or suspending the use of any portion of the Offering Documents, if any, or preventing or suspending the offering or sale of the Notes in accordance with this Agreement.

The Issuer shall first discuss with the Agents in good faith any change in circumstances (actual, anticipated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt whether notice needs to be given to the Agents pursuant to this Section 6.

The Issuer shall promptly comply with all applicable filings and other requirements under applicable Securities Laws in connection with the matters referred to in subsections (a) to (d) of this Section 6 and shall prepare an amendment or supplement to the Offering Memorandum, and any amendment or supplement thereto (collectively, the "**Supplementary Material**") as may be required by Securities Laws, provided that the Supplementary Material shall be in form and substance satisfactory to the Agents, acting reasonably. Neither the Issuer nor the Agents shall provide to prospective Purchasers any document or other material relating to the Offering other than the Offering Memorandum, any Supplementary Material or any other material previously approved by the Issuer and the Agents from time to time.

7. **Due Diligence**. During the period from the date of this Agreement to the Closing Date, the Agents shall be permitted to conduct such due diligence investigation of the Issuer and its assets, businesses and undertakings, as the Agents, acting reasonably, consider appropriate and to complete formal due diligence question and answer sessions with the Issuer and the Manager and with senior management, legal counsel and the auditor of the Issuer and such other persons as the Agents may reasonably request before the Closing Date. The Issuer and the Manager will make available to the Agents, on a reasonably timely basis, all trust, corporate, business and operating records, financial information, budgets and other information which the Agents may reasonably request, as well as access to appropriate officers and/or senior officers of the Issuer and the Manager (provided, that such access does not unduly interfere with the business operations of the Manager) and advisors and experts retained by the Issuer and/or the Manager in order to enable the Agents to complete their due diligence review.

8. **Offering Documents**. The Issuer and the Manager shall allow the Agents to participate fully in the preparation of the Offering Memorandum and any Supplementary Material and will exercise its reasonable commercial efforts to cause the appropriate officers and/or senior officers of the Issuer and the Manager to make themselves available to provide such assistance with marketing of the Notes as the Agents may reasonably require. The delivery by the Issuer of the Offering Documents to the Agents will constitute the Issuer's and the Manager's consent to the Agents to the use thereof in connection with the Offering in accordance with the provisions of this Agreement as well as the representation and warranty of the Issuer and the Manager to the Agents that, at the time of such delivery:

(a) the information and statements contained in the Offering Documents (except information and statements relating solely to the Agents and furnished in writing by the Agents for use therein) contain no misrepresentation and contain no untrue statement of a material fact or do not omit to state a material fact regarding the Issuer, the Manager, the Notes or the Program Agreements (as defined ~~below~~**in the Master Trust Indenture**) that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made; and

(b) the Offering Documents comply in all material respects, as applicable, with all Securities Laws.

9. **Representations, Warranties and Covenants of the Issuer**. The Issuer represents and warrants to, and agrees with, the Agents, as follows:

(a) the Issuer is a trust duly constituted and validly existing under the laws of the province of Ontario and Computershare Trust Company of Canada (the "**Issuer Trustee**") has been appointed as trustee of the Issuer pursuant to the declaration of trust dated as of December 20, 2017 (the "**Declaration of Trust**");

(b) the Issuer is duly qualified to carry on its business in each jurisdiction in which it carries on business and is in good standing in each jurisdiction or place in which such qualification is required, except where the failure so to qualify or to be in good standing would not reasonably be expected to materially adversely affect its business, affairs, operations, financial condition, assets, properties, liabilities, capital, ownership or income taken together or have a material adverse effect on the ability of the Issuer to perform its obligations under any of this Agreement and the other Program Agreements (as defined in the Master Trust Indenture and collectively, the "**Transaction Documents**") to which it is a party (an "**Issuer Material Adverse Effect**");

(c) the Issuer has the power and authority to enter into and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party, and all other instruments and agreements delivered pursuant hereto and thereto;

(d) the execution, delivery and performance by the Issuer of, this Agreement and each of the other Transaction Documents to which it is a party, and every instrument or agreement delivered pursuant hereto and thereto:

(i) has been or will be duly authorized by all requisite action;

(ii) does not and will not conflict with, result in any breach or violation of, or constitute a default under the Declaration of Trust, or any applicable law, rule, regulation, order, judgment, determination or award presently in effect and applicable to it, or of any material agreement or any other instrument to which it is now a party or any of its properties are subject or otherwise bound; and

(iii) does not require the consent, filing, authorization, order, registration, qualification or approval (other than those consents or approvals already obtained) of any person or governmental authority, except that the Issuer must file with the applicable securities regulatory authorities a report on Form 45-106F1, prepared and executed in accordance with NI 45-106, accompanied by any applicable prescribed fees, together in certain Offering Jurisdictions with a copy of the Offering Memorandum and any Supplementary Material;

(e) each of the Transaction Documents to which the Issuer is a party has been, or will be at or prior to the Closing, duly executed and delivered by the Issuer Trustee or the Manager, as the case may be, on behalf of the Issuer, and in addition in the case of the Notes, duly certified by the Indenture Trustee and each of the Transaction Documents is, or will be on the Closing, a legal, valid and binding obligation of the Issuer enforceable against it in accordance with its respective terms, subject to applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally and subject to the qualifications that equitable remedies may only be granted in the discretion of a court of competent jurisdiction and except that rights of indemnity, contribution and waiver of contribution may be limited under applicable law;

(f) the Issuer is not in violation of the Declaration of Trust or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound or to which any of the property or assets of the Issuer is subject (including, for the avoidance of doubt, any Transaction Documents to which it is a party), except for such defaults that would not reasonably be expected to have an Issuer Material Adverse Effect;

(g) the Issuer: (i) is not in violation in any material respect of any law, ordinance, franchise, governmental rule or regulation to which it is subject, (ii) has not failed to obtain any material license, permit, qualification or governmental authorization necessary to the ownership of its property or the conduct of its business, and (iii) is not in default in any material respect of any order of any court or governmental authority or arbitration board or tribunal to which it is subject;

(h) no event of default has occurred and is continuing in respect of any outstanding indebtedness of the Issuer;

(i) no Protection Event has occurred and no Suspension Notice (as defined in the Change of Law Protection Agreement) has been received by the Issuer, and upon satisfaction of the Adherence Conditions (as defined in the Change of Law Protection Agreement), the Notes shall constitute Approved Obligations (as defined in the Change of Law Protection Agreement);

(j) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(k) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(l) since ●, 2017, (i) there has been no Issuer Material Adverse Effect and (ii) there has been no change, which would have a material adverse effect on the ability of the Issuer to fulfill its payment obligations under the Notes;

(m) except as disclosed in the Offering Memorandum, there are no actions, suits or proceedings existing, or, to the Issuer's knowledge after having made due enquiry, pending or threatened, affecting the Issuer in any court or before or by any governmental authority as of the date hereof which if decided, determined or resolved in a manner adverse to the Issuer, could reasonably be expected to have an Issuer Material Adverse Effect or have a material adverse effect on: (i) the ability of the Issuer to perform its obligations under the Transaction Documents to which it is a party; (ii) the ability of the Issuer to fulfill its payment obligations under the Notes; or (iii) the ability of the Issuer to conduct its business as described in the Offering Memorandum;

~~(n) as of the date of delivery, the financial model delivered by the Issuer to the Agents (the "**Financial Model**") contains the Issuer's reasonable estimate of projected [describe financial model metrics]. The Financial Model has been prepared in good faith, with due care and skill, is based on all information known to the Issuer and the Manager at the time which could reasonably be relevant to the preparation thereof, and is subject to assumptions that, as of the date of delivery, are reasonable in the circumstances and the Issuer is not aware of any material inaccuracies in the Financial Model;~~

(n) ~~(o)~~ the Issuer is a direct or indirect subsidiary of the Manager;

(o) ~~(p)~~ the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule";

(p) ~~(q)~~ the Issuer is not in material default of its obligations under any applicable legislation, rules, regulations, instruments, guidelines or policies, including Securities Laws;

(q) ~~(r)~~ no securities commission, stock exchange or similar regulatory authority has issued any order preventing or suspending trading in any securities of the Issuer or preventing or suspending use of the Shelf Offering Memorandum or the Offering Memorandum, and, to the knowledge of the Issuer, no proceedings, investigations or inquiries for such purpose are pending or contemplated or threatened;

(r) ~~(s)~~ neither the Shelf Offering Memorandum (except to the extent corrected in the Term Sheet) nor the Term Sheet, as of their respective dates, contain any misrepresentation or contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which such statement was made, and the Offering Memorandum complies in all material respects with Securities Laws;

(s) ~~(t)~~ the attributes and characteristics of the Notes and the Indenture conform, in all material respects, to the attributes and characteristics thereof described in the Offering Memorandum;

(t) ~~(u)~~ the proceeds from the issuance of the Notes will be applied as described in the Term Sheet under the heading *"Use of Proceeds"*;

(u) ~~(v)~~ the statements in the Shelf Offering Memorandum under the heading *"Statutory Rights of Actions*" and in the Term Sheet under the heading *"Certain Canadian Federal Income Tax Considerations"* accurately summarize, in all material respects, the matters referred to therein;

(v) ~~(w)~~ other than as provided for in this Agreement, the Issuer has not incurred any obligation or liability (absolute, accrued, contingent or otherwise) for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the transactions contemplated herein;

(w) ~~(x)~~ the Indenture Trustee at its principal office in the City of Toronto, Ontario has been or will be on the Closing Date duly appointed as the trustee under the Indenture in respect of the Notes;

(x) ~~(y)~~ prior to the Closing Date, the form and terms of the global certificate(s) representing the Notes will have been approved and adopted by the Issuer and will comply with all legal requirements and will not conflict with the Indenture;

(y) ~~(z)~~ all requisite action has been, or will be, taken by the Issuer to authorize the delivery of the Offering Memorandum and the filing of the Offering Memorandum with all applicable securities commissions or similar regulatory authorities, as applicable, as required by Securities Laws;

(z) ~~(aa)~~ the Issuer Trustee, as trustee of the Issuer, has all requisite power, authority and capacity to create, authorize, issue and sell the Notes and on or prior to the Closing Date all actions required to be taken by or on behalf of the Issuer will have occurred so as to validly create, authorize, issue and sell the Notes; and

(aa) ~~(bb)~~ on the Closing Date, upon execution and delivery of the Indenture, the Notes will be duly and validly created and, upon receipt of the purchase price will be duly and validly issued as fully paid Notes.

10. **Representations, Warranties and Covenants of OPG**. OPG represents and warrants to, and agrees with, the Agents, as follows:

(a) OPG is (i) a corporation duly incorporated and organized and validly existing under the *Business Corporations Act* (Ontario), (ii) duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification, except where the failure to so qualify would not reasonably be expected to materially adversely affect its business, affairs, operations, financial condition, assets, properties, liabilities, capital, ownership or income taken together or have a material adverse effect on its ability to perform its obligations under the change of law process agreement dated as of December 21, 2017 (the "**Change of Law Process Agreement**") between Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**") or its obligations under any of the Transaction Documents to which it is a party (a "**Manager Material Adverse Effect**"), and (iii) has the power and authority to enter into and perform its obligations under the Change of Law Process Agreement and each of the Transaction Documents to which it is a party (including, for the avoidance of doubt, the Management Agreement);

(b) the execution, delivery and performance by OPG of, this Agreement, the Change of Law Process Agreement and each of the other Transaction Documents to which it is a party, and every instrument or agreement delivered pursuant hereto or thereto:

(i) has been or will be duly authorized by all requisite action;

(ii) does not and will not conflict with, result in any breach or violation of, or constitute a default under its constating documents, as amended, or bylaws, or any resolutions of its board of directors or shareholders, or any applicable law, rule, regulation, order, judgment, determination or award presently in effect and applicable to it, or of any material agreement or any other instrument to which it is now a party or any of its properties are subject or otherwise bound; and

(iii) does not require the consent, filing, authorization, order, registration, qualification or approval (other than those consents or approvals already obtained) of any person or governmental authority;

(c) none of OPG nor any of its subsidiaries is in violation of its constating documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which it or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the property or assets of OPG or any subsidiary of OPG

is subject (including, for the avoidance of doubt, the Change of Law Process Agreement and any Transaction Documents to which it is a party), except for such defaults that would not reasonably be expected to have a Manager Material Adverse Effect;

(d) the Change of Law Process Agreement and each of the Transaction Documents to which OPG is a party has been, or will be at or prior to the Closing, duly executed and delivered by OPG, and the Change of Law Process Agreement and each of the Transaction Documents to which OPG is a party is, or will be on the Closing, a valid and binding obligation of OPG enforceable against it in accordance with its respective terms, subject to applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally and subject to the qualifications that equitable remedies may only be granted in the discretion of a court of competent jurisdiction and except that rights of indemnity, contribution and waiver of contribution may be limited under applicable law;

(e) OPG is not in material default of its obligations under any applicable legislation, rules, regulations, instruments, guidelines or policies, including Securities Laws, except, in each case for such defaults that would not reasonably be expected to have a Manager Material Adverse Effect;

(f) no Protection Event has occurred and no Suspension Notice has been received by OPG, and upon satisfaction of the Adherence Conditions, the Notes shall constitute Approved Obligations;

(g) except as disclosed in the Offering Memorandum, there are no actions, suits or proceedings pending or, to OPG's knowledge after having made due enquiry, pending or threatened, affecting OPG in any court or before or by any governmental authority as of the date hereof against OPG, any of its undertaking, property and assets which, if adversely decided, could reasonably be expected to materially adversely affect the issuance of the Notes or the consummation of the transactions contemplated by the Change of Law Process Agreement or the Transaction Documents; and

(h) neither the Shelf Offering Memorandum (except to the extent corrected in the Term Sheet) nor the Term Sheet, as of their respective dates, contain any misrepresentation or contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which such statement was made, and the Offering Memorandum complies in all material respects with Securities Laws.

11. **Representations, Warranties and Covenants of the Agents**. Each of the Agents, severally (and not jointly or jointly and severally) represent and warrant to the Issuer and agree with the Issuer that:

(a) it has not offered or sold, and will not offer or sell, any Notes to, or for the benefit of, any resident of Canada or any province thereof or to, or for the benefit of, any resident of any other jurisdiction (to the extent permitted to offer and sell Notes in

such other jurisdictions pursuant to Section 3(d) hereof) in contravention of applicable Securities Laws or such other jurisdictions, as applicable;

(b) any offer of Notes in Canada will be made only pursuant to the exemption from the requirement to file a prospectus set forth in Section 2.3 of NI 45-106 and, in the case of Purchasers resident in Ontario, section 73.3(2) of the OSA, such that: (i) each Purchaser of Notes will be an "accredited investor" (as such term is defined in section 1.1 of NI 45-106 or in section 73.3 of the OSA, as the case may be) and further such that one or more of the categories set forth in the definition of "accredited investor" will correctly and in all respects describe such Purchaser; (ii) such Purchaser will not be a person created or being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in Section 1.1 of NI 45-106; and (iii) such Purchaser will either be purchasing the Notes as principal for their own account, or are deemed to be purchasing the Notes as principal by applicable law;

(c) any offer of Notes will not be made to individuals unless such individuals are "permitted clients" (as such term is defined in NI 31-103);

(d) it has taken or will take reasonable steps to confirm that each Purchaser of Notes in Canada meets the terms and conditions of the "accredited investor exemption" as defined in section 2.3 of NI 45-106 and, in the case of Purchasers resident in Ontario, section 73.3(2) of the OSA (collectively, the "**AI Requirements**") and shall obtain and retain, as necessary, relevant information and documentation to evidence the steps taken to verify compliance with the AI Requirements in accordance with its usual document retention policies and procedures in compliance with applicable laws and provide to the Issuer forthwith upon request all such information or documentation as the Issuer may reasonably request in good faith and solely for the purpose of verifying compliance with the AI Requirements and assisting the Issuer with complying with its obligations under NI 45-106, including completing Form 45-106F1;

(e) it is duly qualified in the Offering Jurisdictions in a category of registration under applicable Securities Laws that permits it to offer and sell the Notes to purchasers resident in each of the Offering Jurisdictions in the manner contemplated herein and in the Offering Memorandum; and

(f) it has not and shall not make any representation or warranty with respect to the Issuer, the Manager or the Notes other than as set forth in the Offering Documents.

12. **Closing**. The Closing of the purchase and sale of the Notes under this Agreement will take place at the offices of Torys LLP, 79 Wellington St. West, 30th Floor, Box 270, TD South Tower Toronto, Ontario at [**9:00]** a.m. (Toronto time) on ~~January~~**February** ●, 2018 or at such other date and time as may be agreed upon by the Agents and the Issuer (the date of Closing, the "**Closing Date**" and the time of Closing on the Closing Date, the "**Closing Time**").

13. **Conditions to Closing; Closing Deliveries**. The obligations of the Agents under this Agreement to complete the purchase and sale of the Notes at the Closing Time is subject to the following conditions:

(a) the Issuer shall have obtained and provided to the Agents a final rating letter in respect of the Notes from each of DBRS Limited and Moody's Investor Services, Inc. providing a rating of **[AAA(sf)]** and **[Aa2(sf)]**, respectively, and such ratings shall not have been withdrawn, or down-graded or placed under "credit watch" nor shall any such action have been threatened;

(b) each of the Program Agreements to which the Issuer is a party (excluding the 2018-1 Term Supplemental Indentures (as defined below)) shall be in full force and effect as of the Closing Date;

(c) each of the First Term Supplemental Indenture, the junior subordinated series 2018-1 supplemental indenture to the Master Trust Indenture (the "**Junior Subordinated Term Supplemental Indenture**") and the subordinated series 2018-1 supplemental indenture to the Master Trust Indenture (the "**Subordinated Term Supplemental Indenture**" and together with the First Term Supplemental Indenture and the Junior Subordinated Term Supplemental Indenture, the "**2018-1 Term Supplemental Indentures**") shall have been executed and delivered by the appropriate parties thereunder, in form and substance satisfactory to the Agents, acting reasonably and the notes contemplated thereby shall have been validly issued;

(d) an adherence compliance certificate with respect to the Notes required pursuant to Section 4.02(a)(ii) of the Change of Law Protection Agreement or written confirmation that the Notes constitute Approved Obligations pursuant to Section 4.01(ii) of the Change of Law Protection Agreement, shall have been executed and delivered by the appropriate parties thereunder, in form and substance satisfactory to the Agents, acting reasonably;

(e) the Agents shall have received certificates from each of the Issuer and OPG dated the Closing Date, addressed to the Agents, and signed by two Responsible Officers (as defined in the Indenture) of the Issuer and two officers of OPG as may be acceptable to the Agents, acting reasonably, substantially as set out in Appendix "B" and Appendix "C", as applicable;

(f) the Agents shall have received a certificate, dated the Closing Date, signed by any Responsible Officer of the Issuer and addressed to the Agents and the Agents' Counsel, with respect to the constating documents of the Issuer and other action relating to the Master Trust Indenture, the 2018-1 Term Supplemental Indentures, the authorization, creation, issue and sale of the Notes and the incumbency and specimen signatures of signing officers;

(g) the Agents shall have received a certificate, dated the Closing Date, signed by any authorized officer of the Manager, with respect to: (i) a copy of its incorporating documents and all amendments thereto and applicable by-laws; (ii) resolutions of the board of directors of the Manager approving and authorizing the execution,

delivery and performance of each of the Master Trust Indenture and 2018-1 Term Supplemental Indentures; and (iii) incumbency and signatures of signing officers of the Manager executing the Master Trust Indenture and the 2018-1 Term Supplemental Indentures and the other documents to be delivered by the Manager thereunder, in each case showing their names, offices and specimen signatures;

(h) the Agents shall have received a certificate, dated the Closing Date, signed by any authorized officer of the Issuer Trustee with respect to: (i) a copy of its incorporating documents and all amendments thereto and applicable by-laws; and (ii) incumbency and signatures of signing officers of the Issuer Trustee, in each case showing their names, offices and specimen signatures;

(i) the Agents shall have received certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(j) the Agents shall have received:

(i) an opinion of Torys LLP, legal counsel to the Issuer, addressed to the Agents, the Agents' Counsel and the Issuer dated the Closing Date, in form and substance satisfactory to the Agents, acting reasonably, with respect to matters relating to the Issuer and the Offering; it being understood that Torys LLP may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, trustees, directors or other representatives of the Issuer, the Manager or the Issuer Trustee;

(i) an opinion of Hunton & Williams LLP, U.S. legal counsel to the Issuer, addressed to the Agents, the Agents' Counsel and the Issuer dated the Closing Date, in form and substance satisfactory to the Agents, acting reasonably, that the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule"; it being understood that Hunton & Williams LLP may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, trustees, directors or other representatives of Issuer, the Manager or the Issuer Trustee;

(k) the Agents shall have received a final report from Operis Business Engineering Limited, the model auditor, in form and substance acceptable to the Agents, acting reasonably, with respect to their review of the ~~Financial Model~~**financial model**;

(l) the Agents shall have received a favourable legal opinion, addressed to the Agents and dated the Closing Date, from Agents' Counsel, in a form acceptable to the Agents, acting reasonably; it being understood that Agents' Counsel may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, directors or other representatives of the Issuer, the Issuer Trustee or the Manager;

(m) the Issuer shall have met all requirements of CDS Clearing and Depository Services Inc. ("**CDS**") necessary to make use of its book entry system;

(n) the Issuer shall deliver one global certificate representing the Notes, registered in the name of "CDS & Co." (or in such other name as the Agents may direct in writing not less than 24 hours prior to the Closing) and duly signed by a Responsible Officer of the Issuer and countersigned by the Indenture Trustee, against payment to the Issuer, or as the Issuer may direct to the Agents in writing not less than 48 hours prior to the Closing, of the aggregate purchase price for the Notes, net of the Agents' Fee, by electronic wire transfer of immediately available funds or in such other manner as the Issuer and the Agents may agree;

(o) all consents, approvals and authorizations from any governmental authority or body or any other third party required for the creation, issuance, sale and delivery of the Notes or the fulfillment of the terms of the Transaction Documents shall have been obtained; and

(p) the receipt of such other documentation or information as may be requested by the Agents and which they have determined to be necessary to give effect to the Offering, acting reasonably.

14. **Rights of Termination.**

(a) If, prior to the Closing:

(i) any action, suit or other proceeding, whether formal or informal, occurs or is commenced, announced or threatened, or any order is made by any governmental authority or there is a change of law or in the interpretation or administration thereof (including a Protection Event), which in the opinion of any of the Agents, acting reasonably, operates to prevent or materially restrict trading or the distribution of the Notes or which would be expected to have an Issuer Material Adverse Effect or which materially adversely affects the market price or value of the Notes;

(ii) there occurs any material change or a change in any material fact or any new fact such as is contemplated by Section 6, which has, or in the opinion of any of the Agents could reasonably be expected to have, an Issuer Material Adverse Effect or materially adversely affect the market price or value of the Notes; or

(iii) there develops, occurs or comes into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, acts of hostilities or escalation thereof or other calamity or crises or any change or development involving a prospective change in national or international political, financial or economic conditions or any incident, governmental action, law, regulation, policy, inquiry or other occurrence of any nature whatsoever which, in the reasonable opinion of any of the Agents, materially adversely affects, or involves, or will

materially adversely affect the financial markets or which operates to prevent or materially restrict the trading or the distribution of the Notes;

the Agents (or any of them) are entitled at their sole option, to terminate their obligations under this Agreement by written notice to that effect given to the Issuer any time prior to the Closing Time.

(b) The Issuer agrees that all terms and conditions contained herein will be construed as conditions, that they shall use commercially reasonable efforts to cause such conditions to be complied with, and that any breach or failure by the Issuer to comply with any such conditions, in any material respect, will entitle any of the Agents to terminate their obligations under this Agreement by written notice to that effect given to the Issuer at or prior to the Closing Time. The Agents may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to their rights in respect of any other terms and conditions or any other breach, subsequent breach or non-compliance, provided that to be binding on an Agent, any such waiver must be in writing and signed by such Agent.

(c) The rights of termination contained in subsections (a) and (b) of this Section 14 are in addition to any other rights or remedies the Agents may have in respect of any default, act or failure to act or non-compliance by the Issuer in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there will be no further liability on the part of the Agents to the Issuer, or on the part of the Issuer to the Agents, except, in each case, in respect of any liability which may have arisen prior to or which arises after such termination under any of Sections 15 and 16.

15. **Indemnity.**

(a) The Issuer agrees to indemnify and hold harmless each of the Agents and each of their affiliates and each of their respective directors, officers, employees and agents, (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**"), from and against any and all losses (other than loss of profit in connection with the distribution of the Notes), expenses, claims (including shareholder actions, derivative or otherwise), actions, damages and liabilities, joint or several, including, without limitation, the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel (collectively, the "**Losses**") that may be suffered by, imposed upon or asserted against an Indemnified Party as a result of, in respect of, or connected with or arising out of any action, suit, proceeding, investigation or claim that may be made or threatened by any person or in enforcing this indemnity (collectively the "**Claims**") insofar as the Claims relate to, are caused by, or result from, arise out of or are based upon, directly or indirectly:

(i) any breach by the Issuer of applicable Securities Laws in connection with the offer, issue and sale of the Notes under this Agreement or as a result of any order made against the Issuer by any court or governmental authority

in the Offering Jurisdictions which operates to prevent or materially restrict trading in or the distribution of the Notes;

(ii) any misrepresentation or alleged misrepresentation in the Offering Documents or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (other than a misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the information contained therein relating solely to the Agents which was furnished in writing by the Agents for use therein);

(iii) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority or other competent authority, based on any misrepresentation or any alleged misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the Offering Memorandum, which prevents or restricts the trading in or the distribution of the Notes;

(iv) any inaccuracy of any representation or warranty of the Issuer contained in this Agreement or in any certificate or other document delivered by the Issuer pursuant hereto; or

(v) any breach by the Issuer of any covenant, term or condition to be performed by it contained in this Agreement or in any document or certificate delivered by the Issuer pursuant hereto.

(b) In addition to the Issuer's obligations under section 15(a), OPG agrees to indemnify and hold harmless each of the Indemnified Parties, from and against any and all Losses that may be suffered by, imposed upon or asserted against an Indemnified Party as a result of, in respect of, or connected with or arising out of any Claim insofar as the Claims relate to, are caused by, or result from, arise out of or are based upon, directly or indirectly:

(i) any breach by OPG or the Issuer of applicable Securities Laws in connection with the offer, issue and sale of the Notes under this Agreement or as a result of any order made against the Issuer by any court or governmental authority in the Offering Jurisdictions which operates to prevent or materially restrict trading in or the distribution of the Notes;

(ii) any misrepresentation or alleged misrepresentation in the Offering Documents or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (other than a misrepresentation or any untrue statement of a

material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the information contained therein relating solely to the Agents which was furnished in writing by the Agents for use therein);

(iii) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority or other competent authority, based on any misrepresentation or any alleged misrepresentation or any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made in the Offering Memorandum, which prevents or restricts the trading in or the distribution of the Notes;

(iv) any inaccuracy of any representation or warranty of OPG or the Issuer contained in this Agreement or in any certificate or other document delivered by OPG or the Issuer pursuant hereto; or

(v) any breach by OPG or the Issuer of any covenant, term or condition to be performed by either of them contained in this Agreement or in any document or certificate delivered by OPG or the Issuer pursuant hereto, excluding the 2018-1 Term Supplemental Indentures or the notes issued thereunder.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that with respect to its indemnification obligations set out in Section 15(b)(i), (iv) and (v), OPG is not agreeing to indemnify or hold any Indemnified Party harmless with respect to any of the following:

(i) any Losses resulting from any breach by the Issuer of any covenant, term or condition to be performed by it contained in this Agreement or in any document or certificate delivered by the Issuer pursuant hereto caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Ontario Fair Hydro Plan Act, 2017 or the regulations passed thereunder; provided that this Section 15(c)(i) shall not apply to limit the liability of OPG in respect of any delegation to a third party as provided for in Section 4.7 of the Management Agreement;

(ii) any Losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than Losses resulting solely from OPG's failure to comply with Section 4.1(a)(xiv) of the Management Agreement; or

(iii) any Losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province.

(d) The parties hereto agree that neither the Issuer nor OPG is providing any representations, warranties or covenants in this Agreement or in any document or certificate delivered by OPG or the Issuer pursuant hereto, and shall have no liability to any Indemnified Party, with respect to the collectability of the Clean Energy Adjustment (as defined in the Management Agreement) or the Carrying Costs (as defined in the Management Agreement), or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Notes, provided that, for greater certainty, the foregoing qualification is not meant to diminish in any way the representations and warranties given by OPG or the Issuer in this Agreement, or in any document or certificate delivered by OPG or the Issuer pursuant hereto, that neither the Shelf Offering Memorandum (except to the extent corrected in the Term Sheet) nor the Term Sheet, as of their respective dates, contain any misrepresentation or contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which such statement was made.

(e) The Issuer and OPG are each referred to in this Section 15 as an "**Indemnifying Party**". Each Indemnifying Party agrees to waive any right such Indemnifying Party may have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under the indemnity in this Section 15. Each Indemnifying Party will not, without the Agents' prior written consent (as the case may be), such consent not to be unreasonably withheld, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any Claim in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Party from any liabilities arising out of such Claim without any admission of negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party.

(f) Promptly after receiving notice of a Claim against the Agents or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from an Indemnifying Party, the Agents or any such other Indemnified Party will notify the Indemnifying Party promptly in writing of the particulars thereof, provided that the omission so to notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability which the Indemnifying Party may have to the Agents or any other Indemnified Party except and only to the extent that any such delay in or failure to give notice as herein required prejudices the defence of such Claim or results in any material increase in the liability which the Indemnifying Party has under this Section 15. Each Indemnifying Party shall have 14 calendar days after receipt of the notice to undertake, conduct and control, through counsel of its own choosing and at its own expense, the settlement or defence of the Claim. If the Indemnifying Party undertakes, conducts and controls the settlement or defence of the Claim, the relevant Indemnified Parties shall have the right to participate in the settlement or defence of the Claim at their own cost subject to Section 15(h).

(g) The indemnity in this Section 15 shall cease to apply to an Indemnified Party to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable determines that such Losses to which the Indemnified Party may be subject were primarily caused by the fraud, fraudulent misrepresentation or gross negligence of such Indemnified Party or the Claim being asserted is as a result of a person not being provided with the Offering Memorandum or any Supplementary Material which corrects any misrepresentation or omission or alleged misrepresentation or omission in the Offering Memorandum or any other Supplementary Material due to a failure by the Agents to provide to such person such documents, as applicable, and which the Indemnifying Party has provided to the Agents to provide to such person, and in such event the Indemnified Party shall reimburse to the Indemnifying Party any funds advanced to the Indemnified Party in respect of such Claim.

(h) Each of the Indemnified Parties may retain counsel to separately represent them in the defence of a Claim, which shall be at the applicable Indemnifying Party's expense if: (i) the Indemnifying Party does not promptly assume the defence of the Claim no later than 14 calendar days after receiving actual notice of the Claim, (ii) the Indemnifying Party agrees to such separate representation, or (iii) the Indemnified Party, as the case may be, are advised by counsel that there is an actual or potential conflict between the Indemnifying Party's interests on the one hand and the Indemnified Party's interests on the other hand or additional defences are available to the Indemnified Parties, which makes representation by the same counsel inappropriate.

(i) In order to provide for just and equitable contribution in circumstances in which the indemnity in this Section 15 is unavailable (other than in accordance with the terms hereof) to the Indemnified Parties or insufficient to hold them harmless in respect of a Claim, the Indemnifying Parties shall jointly and severally contribute to the amount paid or payable by the Agents, as a result of such Claim in such proportion so that the Agents shall be responsible for that portion represented by percentage that the Agents' Fee received by the Agents hereunder bears to the aggregate principal amount of the Notes sold hereunder and the Indemnifying Parties shall be responsible for the balance whether or not they have been sued separately or together, provided, however that each Agent shall not in any event be liable to contribute, in the aggregate, any amount in excess of the Agents' Fee actually received by such Agent. The rights to contribution provided hereunder shall be in addition to and not in derogation of any other right to contribution which the Agents may have by statute or otherwise at law. No person that is determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have engaged in any fraud, fraudulent misrepresentation or gross negligence in connection with any matter that is the subject of the contribution payments contemplated by this Section 15(i) shall be entitled to such contribution.

(j) Each Indemnifying Party hereby constitutes each of the Agents as trustee, respectively, for each of the other Indemnified Parties, as appropriate, of the Indemnifying Party's covenants under the indemnity in this Section 15 with

respect to those persons and the Agents agree to accept that trust and to hold and enforce those covenants on behalf of those persons.

(k) The obligations of the Indemnifying Party hereunder are in addition to any liabilities which such Indemnifying Party may otherwise have to the Agents or any other Indemnified Party.

16. **Expenses**. Whether or not the Offering is completed, all expenses of or incidental to the creation, authorization, issue, delivery and sale of the Notes and of or incidental to all other matters in connection with the Offering shall be borne by the Issuer, including, without limitation, reasonable expenses payable in connection with the fees and expenses of counsel to the Issuer, counsel to the Agents and local counsel in each of the Offering Jurisdictions, fees and disbursements of its accountants and auditors and other experts, the Indenture Trustee's fees, fees of ratings agencies and CDS, printing costs, delivery charges, fees and costs incurred in connection with the marketing of the Notes including travel expenses, road-shows, and filing fees (including securities regulatory private placement filing fees and fees payable to the Investment Industry Regulatory Organization of Canada), reasonable and documented out-of-pocket expenses of the Agents and all taxes payable on such fees and expenses.

17. **Severability**. If any provision of this Agreement is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision shall be severable from this Agreement.

18. **Public Announcement**. For the period commencing on the date hereof and expiring on the Closing Date, and subject to the requirements of the Securities Laws, each of the Issuer and the Manager shall not, without first obtaining the approval of the Agents (such approval not to be unreasonably withheld), and the Agents shall not, without first obtaining the approval of the Issuer and the Manager, make any public communications, verbally, electronically or in writing, including issuing any press release respecting the issue of the Notes.

19. **Survival**. The representations, warranties, covenants, obligations and agreements of the parties contained herein or delivered pursuant hereto shall survive the issuance and sale of the Notes and shall continue in full force and effect notwithstanding any subsequent disposition of the Notes. The Agents shall be entitled to rely on the representations and warranties of the Issuer and the Manager contained in Sections 8, 9 and 10 herein or delivered pursuant hereto notwithstanding any investigation which the Agents may undertake or which may be undertaken on the Agents' behalf.

20. **Acknowledgement of Agents**. Each Agent (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor (as defined in the Master Trust Indenture) under the Master Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability hereunder), Section 9.14

(Communications to Specified Creditors) and Section 16.01 (No Petition); (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Master Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (y) add the Agents (or their respective agents) to the register of Specified Creditors described in Section 13.13 of the Master Trust Indenture and (z) disseminate the notice details of the Agents to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Master Trust Indenture.

21. **Notices**. Any notice or other communication to be given hereunder shall, in the case of notice to the Issuer, be addressed to:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Lubna Ladak
Telephone: (416) 592-5984
Facsimile: (416) 592-4189
E-mail: lubna.ladak@opg.com

with a copy to:

Computershare Trust Company of Canada, in its capacity as Issuer Trustee for the Issuer
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: ●
Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Ontario Power Generation Inc., in its capacity as Manager of the Issuer
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Lubna Ladak
Telephone: (416) 592-5984
Facsimile: (416) 592-4189
E-mail: lubna.ladak@opg.com

with a copy to:

Torys LLP
79 Wellington St. West
30th Floor, Box 270
TD South Tower
Toronto, ON M5K 1N2

Attention: Rima Ramchandani
Telephone: (416) 865-7500
Facsimile: (416) 865-7380
E-mail: rramchandani@torys.com

and, in the case of notice to the Agents, to:

CIBC World Markets Inc.
Brookfield Place
5th Floor, 161 Bay Street
Toronto, ON M5J 2S8

Attention: ●

Telephone: ●
Facsimile: (416) 594-7760
E-mail: ●

- and -

RBC Dominion Securities Inc.
200 Bay Street, ~~4th~~**2nd** Floor
Royal Bank Plaza, ~~South~~**North** Tower
Toronto, ON M5J 2W7

Attention: ~~●~~
~~●~~
Nur Khan, Managing Director
Telephone: (416) 842-3828
Facsimile: (416) 842-~~7777~~**3888**
E-mail: Nur.Khan@rbccm.com

- and -

Goldman Sachs Canada Inc.
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Attention: ●
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Telephone: ●
Facsimile: ●

E-mail: ●

- and -

BMO Nesbitt Burns Inc.
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Attention: ●
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~~Facsimile~~**Telephone**: ●
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~~Attention:~~ ~~●~~
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Facsimile: ●
E-mail: ●

- and -

Scotia Capital Inc.
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Attention: ●
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Telephone: ●
Facsimile: ●
E-mail: ●

- and -

National Bank Financial Inc.
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Attention: ●
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Telephone: ●
Facsimile: ●
E-mail: ●

- and -

TD Securities Inc.
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Attention: ●
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Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Morgan Stanley Canada Limited
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Attention: ●
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Telephone: ●
Facsimile: ●
E-mail: ●

- and -

HSBC Securities (Canada) Inc.
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Attention: ●
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Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Laurentian Bank Securities Inc.
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Attention: ●
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Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Desjardins Securities Inc.
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Attention: ●
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Telephone: ●
Facsimile: ●
E-mail: ●

- and -

Casgrain & Company Limited
●

Attention: ●
●

Telephone: ●
Facsimile: ●
E-mail: ●

with a copy to the Agents' Counsel at:

Osler, Hoskin & Harcourt LLP
100 King Street West
Suite 6200, P.O. Box 50
1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Michael Innes
Telephone: (416) 862-4284
Facsimile: (416) 862-6666
E-mail: MInnes@osler.com

Any such notice or other communication shall be in writing, and unless delivered personally to a responsible officer of the addressee, shall be given by courier service or fax (with receipt confirmed) or e-mail, and will be deemed to have been received, if given by fax or e-mail, on the day of sending (if such day is a Business Day and, if not, on the next Business Day following the sending thereof) and, if given by courier service, on the next Business Day following the sending thereof. For the purposes of this Agreement, a "**Business Day**" means a day which is not a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario.

22. **Confidentiality.** Other than the terms and conditions of this Agreement that are disclosed in the Offering Memorandum, the Issuer, the Manager and the Agents agree that they shall keep the terms and conditions of this Agreement confidential and shall not disclose the terms and conditions of this Agreement to any other person except to their affiliates and those directors, officers, employees and agents of each of the Issuer, the Manager and the Agents who need to review such terms and conditions so as to be able to give effect to

the Offering (including pursuant to standard internal requirements); provided, however, that nothing in this Section 22 shall restrict disclosure by the Issuer, the Manager or any of the Agents of the terms and conditions of this Agreement if: (i) such party is legally compelled to do so by order of a court or other competent governmental or regulatory agency, in the course of any judicial or administrative proceeding or by applicable law, or (ii) such party is reasonably required to do so in order to protect its legitimate interests in connection with a legal proceeding under this Agreement.

23. **Time of the Essence**. Time is of the essence of this Agreement.

24. **Currency**. Unless otherwise indicated, all references to "$" in this Agreement are references to the lawful currency of Canada.

25. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein and the courts of such province will have exclusive jurisdiction over any dispute hereunder.

26. **Entire Agreement**. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings relating to the Offering. This Agreement may only be amended or modified in any respect by the written agreement of all of the parties hereto.

27. **Assignment.** None of the rights and obligations of the parties hereunder shall be assignable or transferable by any party without the prior written consent of the other parties hereto.

28. **Successors and Assigns**. The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Issuer, the Manager and the Agents and their respective successors and permitted assigns.

29. **Singular and Plural; Gender**. Where the context so requires, words importing the singular number include the plural and *vice versa*, and words importing gender shall include the masculine, feminine and neuter genders.

30. **Execution in Counterparts**. This Agreement may be executed in counterparts (including counterparts by facsimile), each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

[Signature page follows]

If the foregoing is acceptable to the Issuer and the Manager, please signify such acceptance by signing and returning one copy of this letter to the Agents, which accepted offer shall constitute the contract for the provision of services of the Agents in connection with the Offering referred to herein and shall constitute a binding agreement between the parties hereto.

Yours very truly,

CIBC WORLD MARKETS INC.

By:
Name:
Title:

RBC DOMINION SECURITIES INC.

By:
Name:
Title:

GOLDMAN SACHS CANADA INC.

By:
Name:
Title:

BMO NESBITT BURNS INC.

By:
Name:
Title:

SCOTIA CAPITAL INC.

By:
Name:
Title:

[Signature page to Agency Agreement]

NATIONAL BANK FINANCIAL INC.

By:
Name:
Title:

~~**[NTD: Other Dealers to be added as determined**~~**TD SECURITIES INC.**~~**]**~~

By:
Name:
Title:

MORGAN STANLEY CANADA LIMITED

By:
Name:
Title:

HSBC SECURITIES (CANADA) INC.

By:
Name:
Title:

LAURENTIAN BANK SECURITIES INC.

By:
Name:
Title:

DESJARDINS SECURITIES INC.

By:
Name:
Title:

CASGRAIN & COMPANY LIMITED

By:
Name:
Title:

[Signature page to Agency Agreement]

ACCEPTED AND AGREED to this _____ day of ~~January~~**February**, 2018.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:
By:
Name:
Title:

ONTARIO POWER GENERATION INC.

By:
Name:
Title:
By:
Name:
Title:

[Signature page to Agency Agreement]

APPENDIX "A"

TERM SHEET

(see attached)

APPENDIX "B"

FORM OF OFFICERS' CERTIFICATE OF THE ISSUER

1. the Issuer has duly complied with all terms and conditions of this Agreement, the Master Trust Indenture and the 2018-1 Term Supplemental Indentures on its part to be complied with and satisfied at or prior to the Closing and no Termination Event (as defined in the Master Trust Indenture) has occurred;

2. no order, ruling or determination having the effect of suspending the sale or ceasing or suspending trading in the Notes or any other securities of the Issuer has been issued by any securities commission or any other regulatory authority and is continuing in effect and no proceedings for such purpose have been instituted and are continuing or are pending or, to the knowledge, information and belief of the persons signing such certificate, are contemplated or threatened;

3. the representations and warranties of the Issuer contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time, after giving effect to the transactions contemplated by this Agreement;

4. the representations and warranties of the Issuer set forth in Section 12.01 of the Master Trust Indenture and Section 3.1 of the Supplemental Indenture are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby; and

5. to the knowledge of the Issuer (after due inquiry), no default or Event of Default has occurred or is continuing. For the purposes of such certificate, an "Event of Default" has the meaning to be given to such terms in the Indenture.

APPENDIX "C"

FORM OF OFFICERS' CERTIFICATE OF OPG

1. OPG has duly complied with all terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Closing; and

2. the representations and warranties of OPG contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time, after giving effect to the transactions contemplated by this Agreement.

Document comparison by Workshare Compare on January-21-18 3:01:10 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Form of Agency Agreement.docx
Description	Form of Agency Agreement
Document 2 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtemp22f0\#46582593v _1_ - FH Trust - Agency Agreement (Draft - January 201....docx
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Moved to	0
Style change	0
Format changed	0
Total changes	235

Fair Hydro Trust
Investor Presentation

January [xx], 2018

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This presentation and its contents are being supplied for informational purposes only by Fair Hydro Trust (the "Issuer") and are not an offer to buy or sell or a solicitation of an offer to buy or sell any securities of the Issuer.

This presentation does not, and does not purport to, contain all information that may be material to an investment decision in respect of the Issuer's Notes. It is only a summary of certain information in respect of the Issuer. Prior to making an investment decision with respect to the Issuer's Notes, prospective investors should carefully review the Confidential Shelf Offering Memorandum, including the related Term Sheet, pursuant to which such Notes are offered (the Offering Memorandum). The information and opinions contained in this presentation are qualified in their entirety by reference to the Offering Memorandum. In particular, reference should be made to the risks of any investment in the Issuer's Notes offered and the statutory rights of rescission or rights to damages available to purchasers of such Notes described in the Offering Memorandum. No representation or warranty, express or implied, is given by or on behalf of the Issuer, the Agents or any other person as to the accuracy or completeness of the information or opinions contained in this presentation.

Some of the statements contained in this presentation, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. The forward-looking information contained in this presentation is presented for the purposes of assisting prospective purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances. Reference should be made to the information under the headings "Caution Regarding Forward-Looking Information" and "Risk Factors" in the Offering Memorandum.

The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, neither the Issuer nor Ontario Power Generation ("OPG") intends, or assumes any obligation, to revise or update any information in this presentation.

By attending this presentation, or accepting a copy of this presentation, each prospective purchaser agrees that all information contained herein, all documents delivered in connection herewith and all other information obtained by such prospective purchaser in relation to the Issuer or OPG (collectively, the Confidential Information) is confidential, that none of the Confidential Information will be copied, transcribed, recorded or transmitted by the recipient for any reason or used for any purpose other than evaluating an investment in the Issuer's Notes, and that the recipient will hold all of the Confidential Information in confidence and will not provide any of it to third parties other than persons retained to advise the recipient with respect to the purchase of the Issuer's Notes (so long as they advise such persons of the confidential nature of such Confidential Information), without the prior written consent of the Issuer and OPG.

Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer &
Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview

II. Ontario Electricity Market

III. Legislative and Regulatory Framework

IV. Contractual Framework

V. Financing Program

VI. Key Risks and Mitigants

VII. Summary of the Offering

VIII. Investment Highlights

Appendix – Key Agreement Summaries

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan ("FHP") on March 2, 2017, which proposed to lower the average electricity bill for eligible customers[1] by 25% (the "Fair Adjustment") • The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax granted by the Ontario government in January 2017
Legislation	• On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017* (the "FHPA" or the "Act") to give effect to the FHP • The FHPA was enacted to ensure that clean energy costs and clean energy benefits associated with Ontario's clean energy initiatives are fairly allocated among present and future Specified Consumers and to provide fairness for Specified Consumers over time • The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and together with the FHPA, the "Legislation") • The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers which is referred to as the Clean Energy Adjustment ("CEA"); the CEA will be determined by Ontario Power Generation ("OPG") in accordance with the Legislation in its role as Financial Services Manager ("FSM") under the Act • The CEA will be determined for each six month reference period and converted by the Ontario Energy Board ("OEB") into a $/kWh rate and added to electricity invoices sent to Specified Consumers commencing on May 1, 2021 • From July 1, 2017 to April 30, 2021 (the "Moratorium Period"), no payments in respect of CEA are expected to be collected; during the Moratorium Period and extending to July 31, 2021, the Independent Electricity System Operator ("IESO") is obligated to pay all funding and other expenses of the Trust (excluding principal) (referred to as "Carrying Costs") under the Legislation
Fair Hydro Trust	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior, subordinated and junior subordinated notes • Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis, the Trust is ring fenced from OPG's other creditors • The FHT term notes will be repaid through the CEA payments received from Specified Consumers

[1] Defined as Specified Consumers under the FHPA.

Summary of Indicative Terms

Overview of Notes

Class	Senior	Subordinated	Junior Subordinated
Issue Amount	$[●]MM	$[●]MM (placed with OPG)	$[●]MM (placed with OPG)
Initial % of Aggregate Notes	51%	39%	10%
Expected Ratings (DBRS / Moody's)	[AAA(sf)/AA(sf)]	[●(sf)/●(sf)]	[●(sf)/●(sf)]
Term to Maturity	15.25 years	15.25 years	15.25 years
Expected Maturity Date	May 15, 2033	May 15, 2033	May 15, 2033
Principal Payment Default Date	May 15, 2035	May 15, 2035	May 15, 2035
Par Call Date	November 15, 2032	November 15, 2032	November 15, 2032
Principal Accumulation	Principal will be accumulated monthly commencing January 2030 to facilitate repayment of notes on the Expected Maturity Date		
Interest Type	Fixed rate		
Day Count	180/360, first payment actual/365		
Payment Dates	May 15 and November 15 or next business day		
Senior Note Credit Enhancements	Credit enhancements for the FHT 2018-1 Senior Notes will consist of: • Subordinated and Junior Subordinated notes initially equal to 49% of the aggregate issuance amount and will be retained by OPG • A segregated trust account with an eligible institution, referred to as a Program Cash Reserve Account, which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations • True-up mechanism to address any shortfalls in collections		
Operating Agents	OPG serving as the Financial Services Manager and the Independent Electricity System Operator as the Servicer		

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt
  - The subordination amount may vary but must at least be equal to or greater than 35% of all outstanding debt

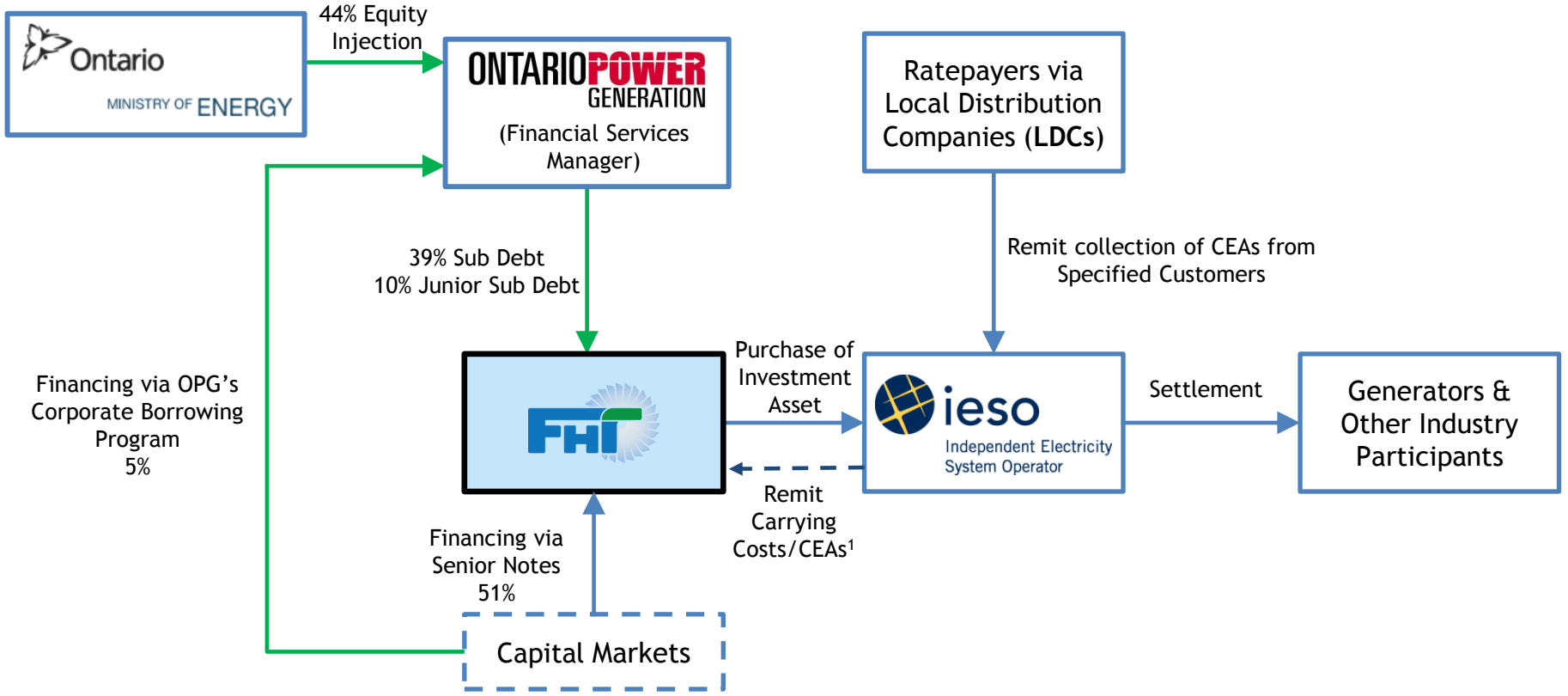

[1] The IESO is required to pay and remit Carrying Costs to the FHT up to July 31, 2021. Commencing May 1, 2021, CEAs will be included on invoices sent to Specified Consumers and collections will be used to pay all funding and other expenses of the Trust. The additional three months of IESO remittances from May 1, 2021 to July 31, 2021 is intended to cover billing and collection lags from the introduction of CEAs.
Note: The diagram above is based on subordinated debt of 49% of all outstanding debt.
Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa.

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by the wholesale electricity market and by direct contracts with the IESO (e.g. Bruce Power (nuclear), wind, solar, hydroelectric)

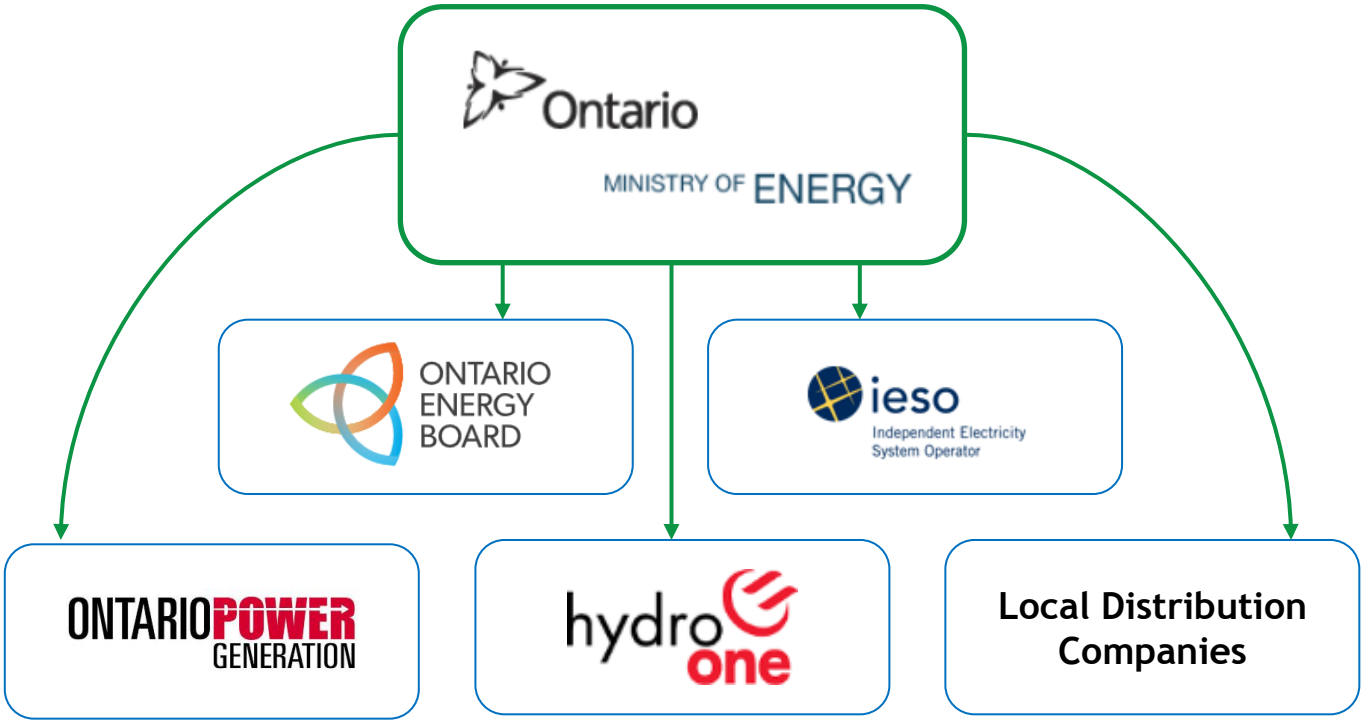

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets policy for the electricity system
Ontario Energy Board	--	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan ("RPP"); RPP rates are set twice a year (May and November)
ieso Independent Electricity System Operator	**A(h) / -- / Aa2**	• Corporation without share capital established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing a significant portion of the province's electricity
hydro one	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations. The majority of LDCs continue to be municipally-owned, while others have been acquired by Hydro One or private-sector owners
- An LDC, referenced as an Electricity Vendor in the FHPA, is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Total Revenue	$18.89 billion
Total Metered Usage (kWh)	116.11 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Total Revenue *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**
Percentage of Residential & Small Commercial[2]		**69%**	

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment together with Carrying Costs paid, financing costs and other related costs)
- FHT will finance the shortfall and is entitled to recover its costs and the principal and interest on its debt through CEAs from Specified Consumers, commencing May 1, 2021

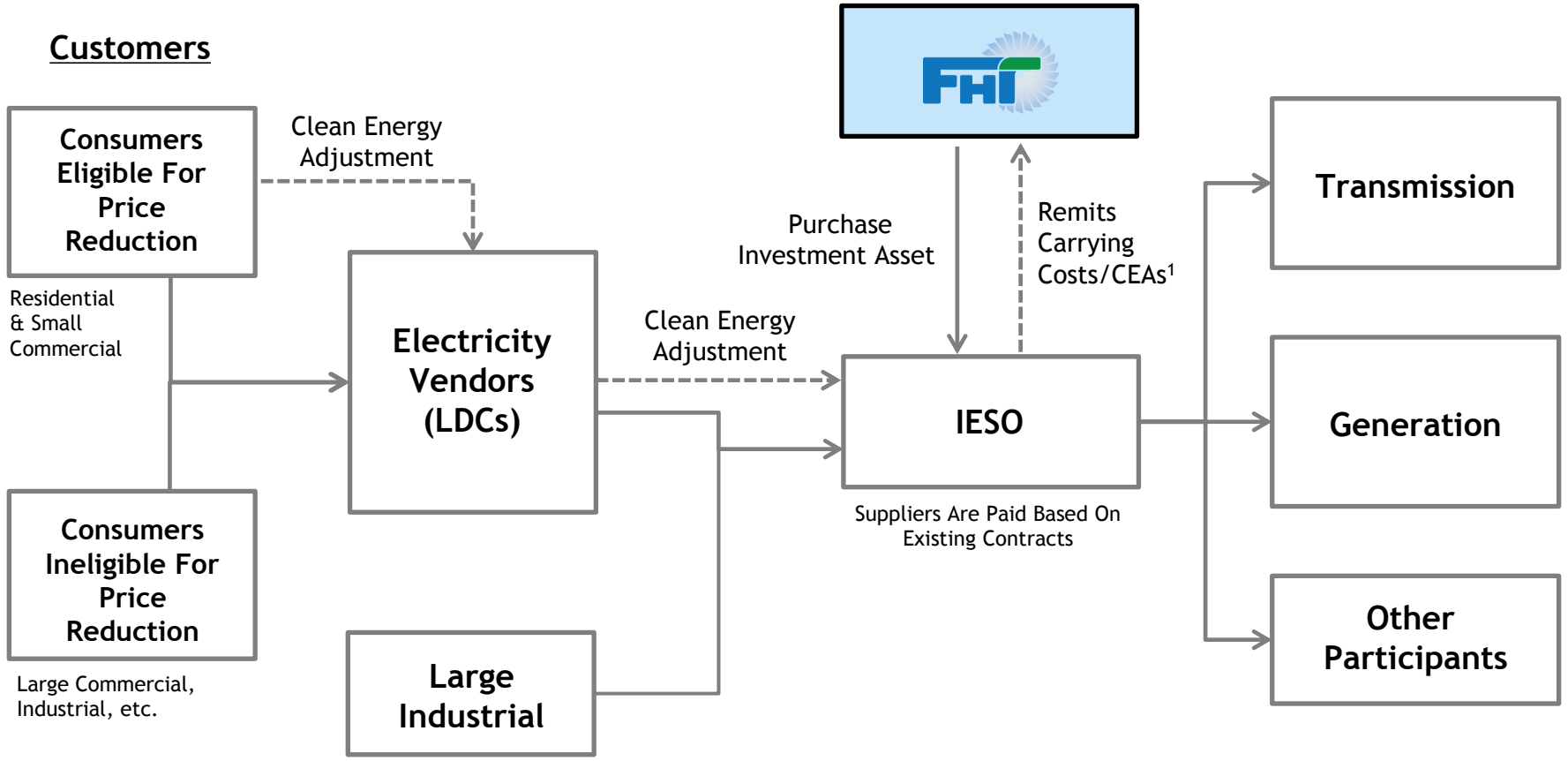

[1] The IESO is required to pay and remit Carrying Costs to the FHT up to July 31, 2021. Commencing May 1, 2021, CEAs will be included on invoices sent to Specified Consumers and collections will be used to pay all funding and other expenses of the Trust. The additional three months of IESO remittances from May 1, 2021 to July 31, 2021 is intended to cover billing and collection lags from the introduction of CEAs.

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to Specified Consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017 - April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018 - April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019 - April 30, 2021** - rate reductions will be established by future regulation but anticipated to increase by the rate of inflation in Ontario

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment together with Carrying Costs paid, financing costs and other related costs) and records this amount, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the "Regulatory Asset") • The IESO may from time to time transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the corresponding amount recorded in the variance account
Investment Asset	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an "Investment Interest" in an Investment Asset) • By acquiring an Investment Interest, the Trust will be entitled to recover all of its associated financing costs and acquires the right to collect, receive and recover CEAs from Specified Consumers in accordance with the Legislation
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are not permitted to be collected from Specified Consumers during this period • The IESO is obligated to pay the Trust all Carrying Costs, excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to the Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion credit facility from the Ontario Financing Authority ("OFA") which can be used, among other things, to fund payments of the Carrying Costs

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the financing and other costs related to the acquisition by the Trust of the Investment Asset and the associated costs of the financing, including payment of principal, interest, operating costs of the Trust and funding of reserve accounts
- CEAs shown on an invoice issued to Specified Consumers represent the amount of the consumers' indebtedness and may not be set off or bypassed

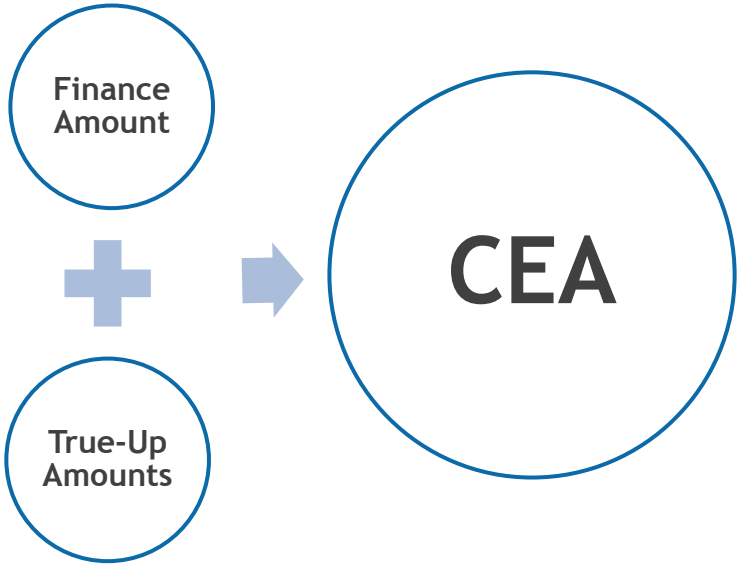

Finance amount is an estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other reasonably foreseeable differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the obligations of the IESO under the Master Transfer & Servicing Agreement, and the ability to include amounts in the CEA by means of the true-up mechanism
- IESO is required to segregate the CEAs during a monthly period before remitting to FHT. If the IESO's credit rating is downgraded below investment grade, the IESO will be required to remit within two business days of receipt

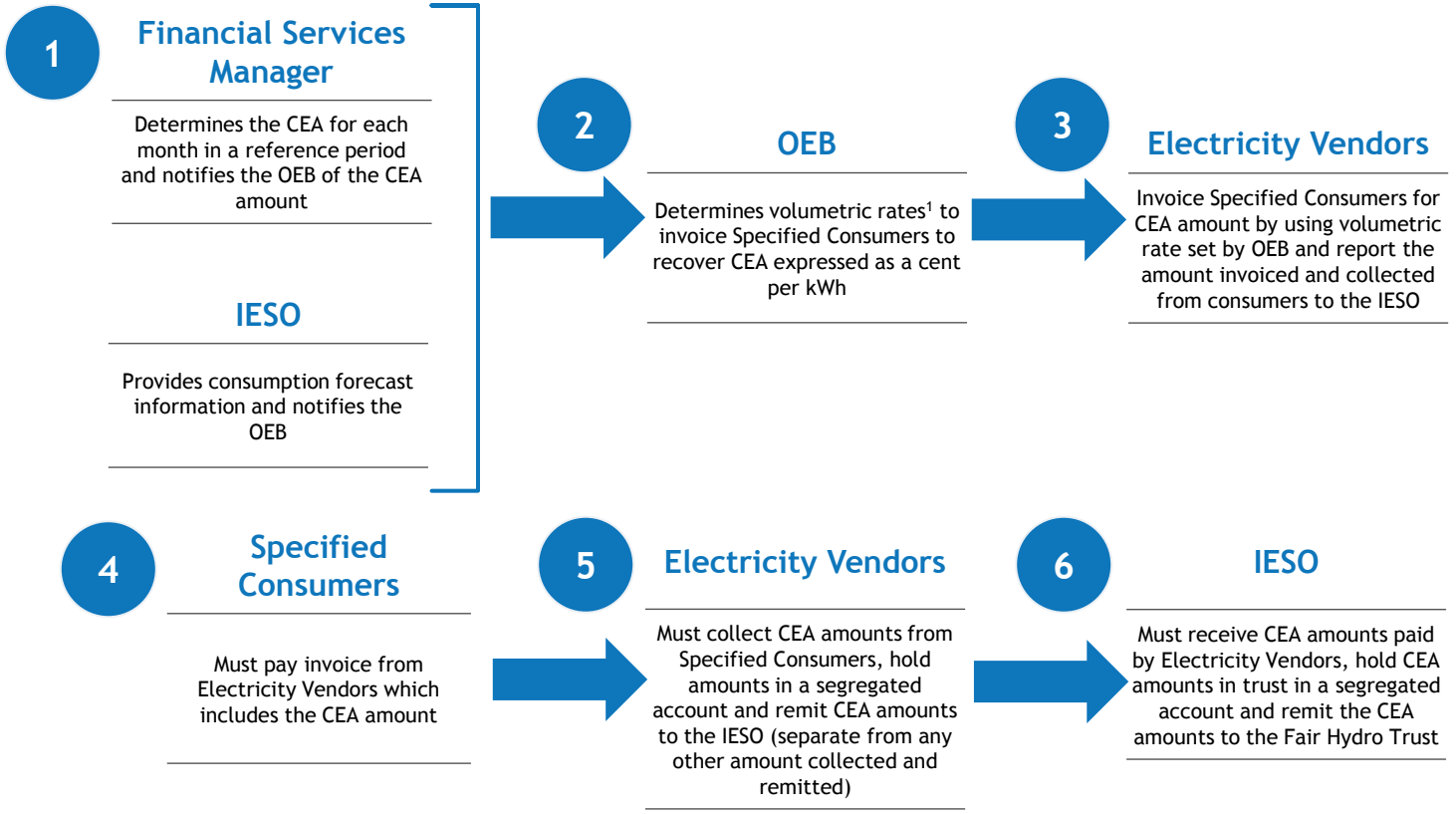

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

Fair Allocation Amount

- The Fair Allocation Amount ("FAA") is an amount calculated under the FHPA by the Minister of Energy in respect of each reference period that, among other things, allocates the estimated value of clean energy costs in proportion to the relative attribution of the value of clean energy benefits among Specified Consumers

Fair Allocation Amount ($ million)

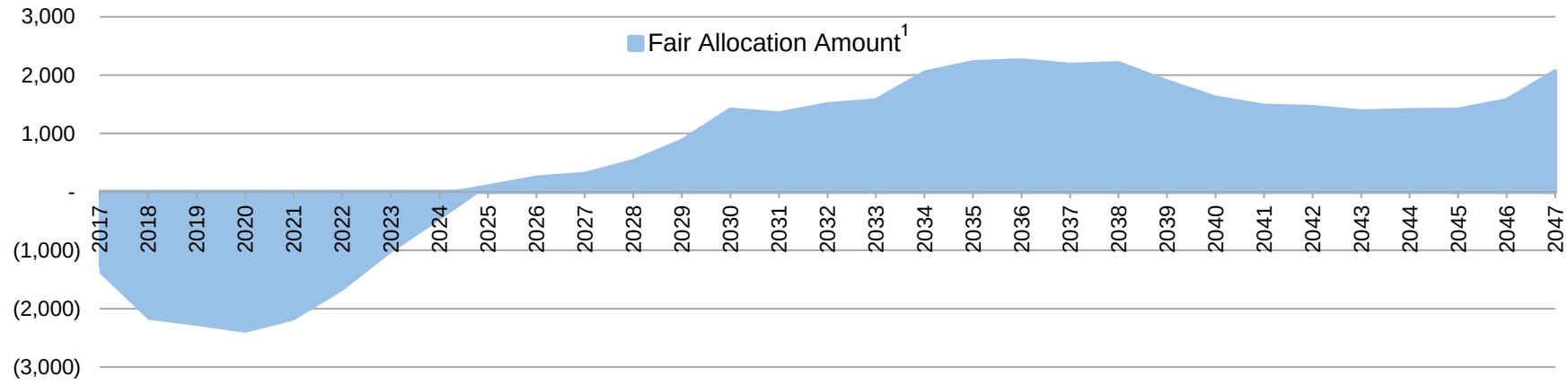

Principal Repayment Profile (derived from the FAA)

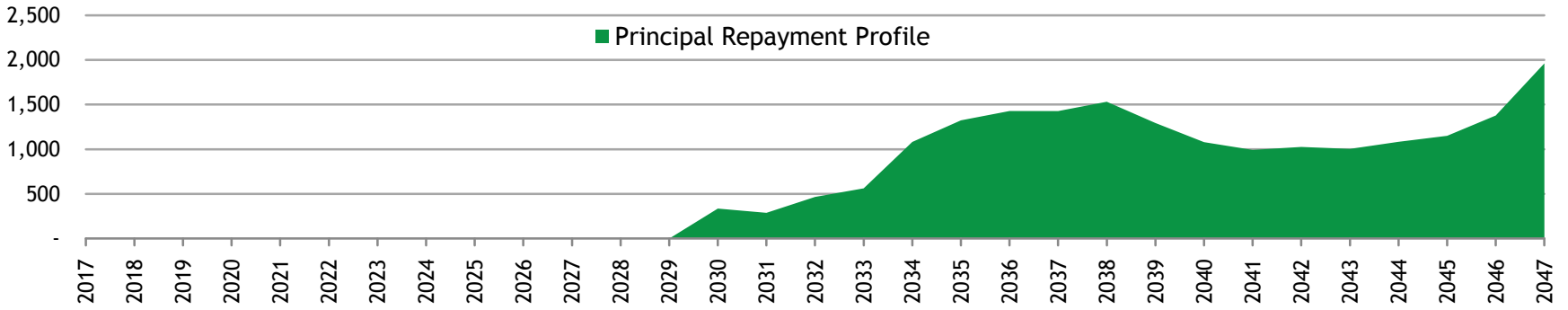

[1] Prior to 2025, the above graph of the FAA incorporates the Readjustment Amount. The Readjustment Amount represents the estimated amounts by which Specified Consumers overpaid for clean energy initiatives in the past. It has been incorporated into the FAA to further reduce electricity bills for such consumers.

IV. Contractual Framework

Simplified Contractual Structure

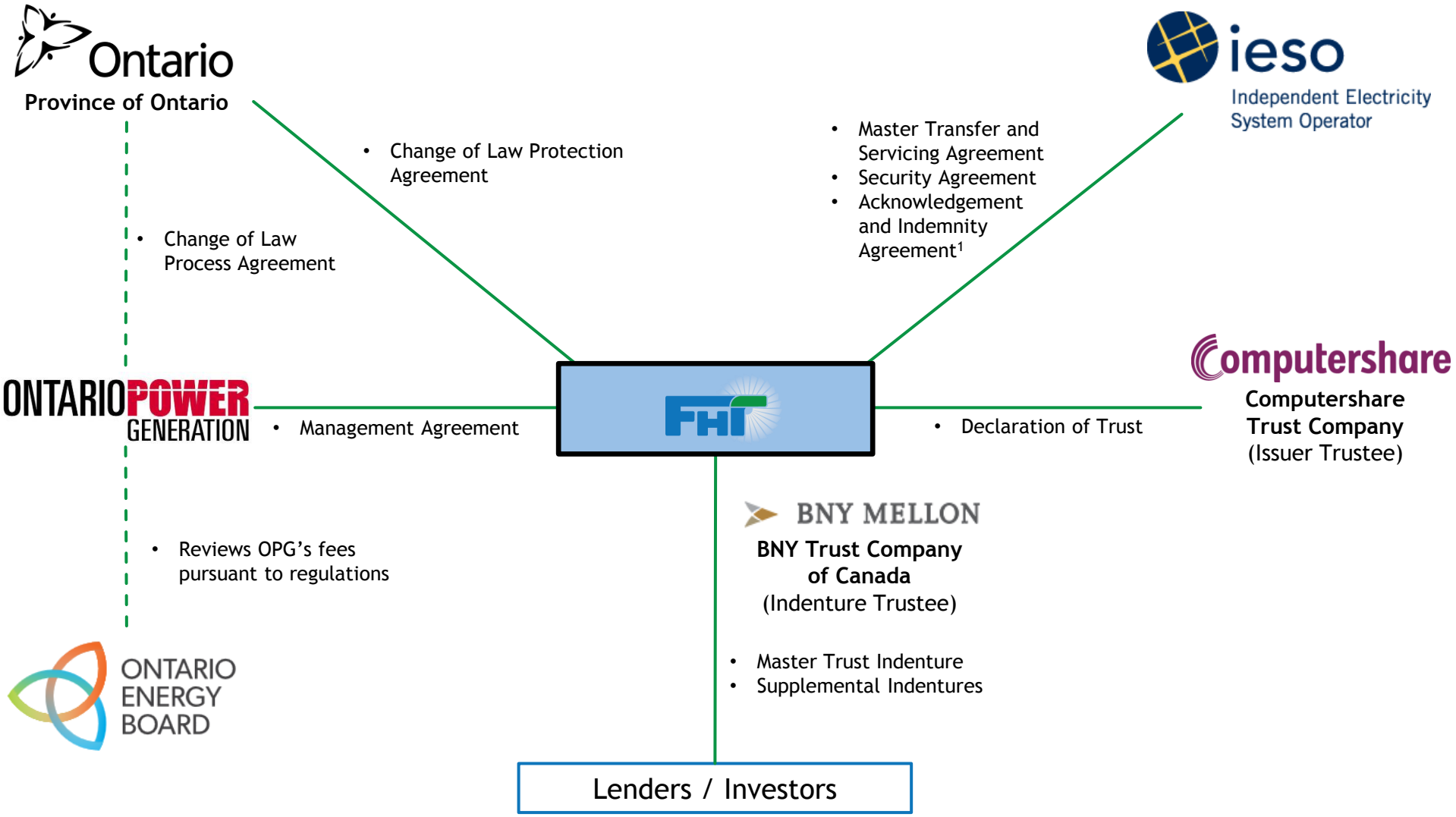

[1] Agreement between IESO and Indenture Trustee.

Contract Highlights

Change of Law Protection Agreement

Purpose	• Provides assurance to Specified Creditors[1] that upon the occurrence of a Protection Event, the Province of Ontario is required to make payments in respect of all Approved Obligations when due and payable
Protection Events	The occurrence of any of the following events: (1) • The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof • The Legislature enacts or amends any other statute • The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof • The Lieutenant Governor in Council makes or amends any "Regulation" as in effect on the date hereof • The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province in each case that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount; or (2) • A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

Note: Additional information on the Change of Law Protection Agreement can be found in the Appendix.

[1] **Specified Creditors** refers to any Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Contract Highlights

Key Agreements

Master Transfer and Servicing Agreement	• Provides for the transfer by the IESO to the Trust of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest in the Investment Asset • The IESO will be responsible for servicing the Investment Interest, including receiving CEA amounts from Electricity Vendors and remitting to the Trust
Management Agreement	• Issuer Trustee delegates to OPG, as Manager under the Management Agreement, all powers and duties of managing the Trust • The Manager will determine how and when to incur funding obligations to acquire Investment Interests
Other Key Agreements	• Security Agreement • Acknowledgement and Indemnity Agreement • Change of Law Process Agreement • Declaration of Trust

Note: Additional information on these key agreements can be found in the Appendix.

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	✔		
Determination of CEA for a Reference Period, including the True-Up Amount	✔		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management	✔	✔	
Preparation of Monthly Servicer Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit and bank funded senior debt) and subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly Regulatory Asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Warehouse Financing	• ABCP conduit and bank funded senior debt with subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated and junior subordinated warehouse debt funded by OPG • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) • FHT may issue debt that may be refinanced in the future
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51% anticipated) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required[1]) will be purchased by OPG, primarily funded by equity injections from the Province (44% of 49%) and the remaining portion from OPG (5% of 49%)

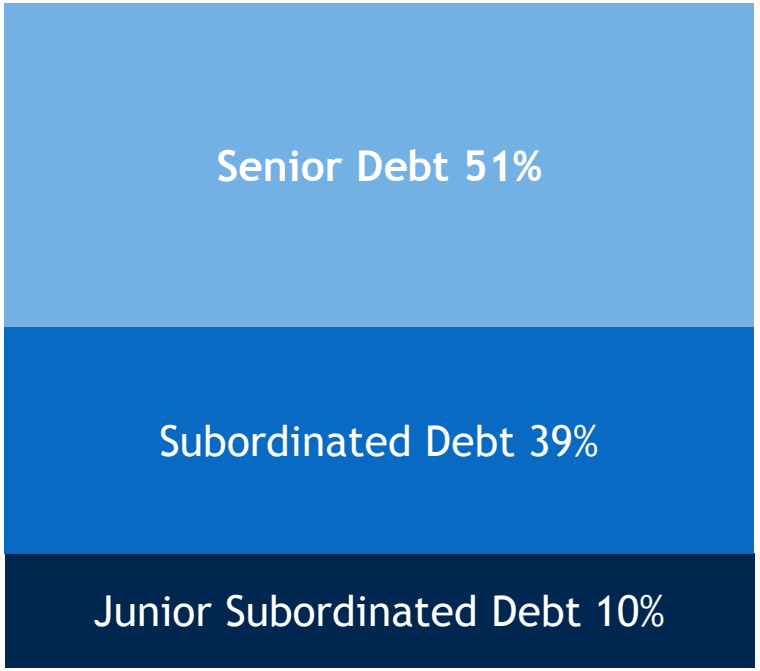

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% subordinated debt.

[1] Under the MTI, FHT is required at all times to ensure that all outstanding subordinated and junior subordinated debt be not less than 35% of all outstanding debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debt will be issued periodically during the period of 2018 - 2028, which are expected to mature over a period after 2029

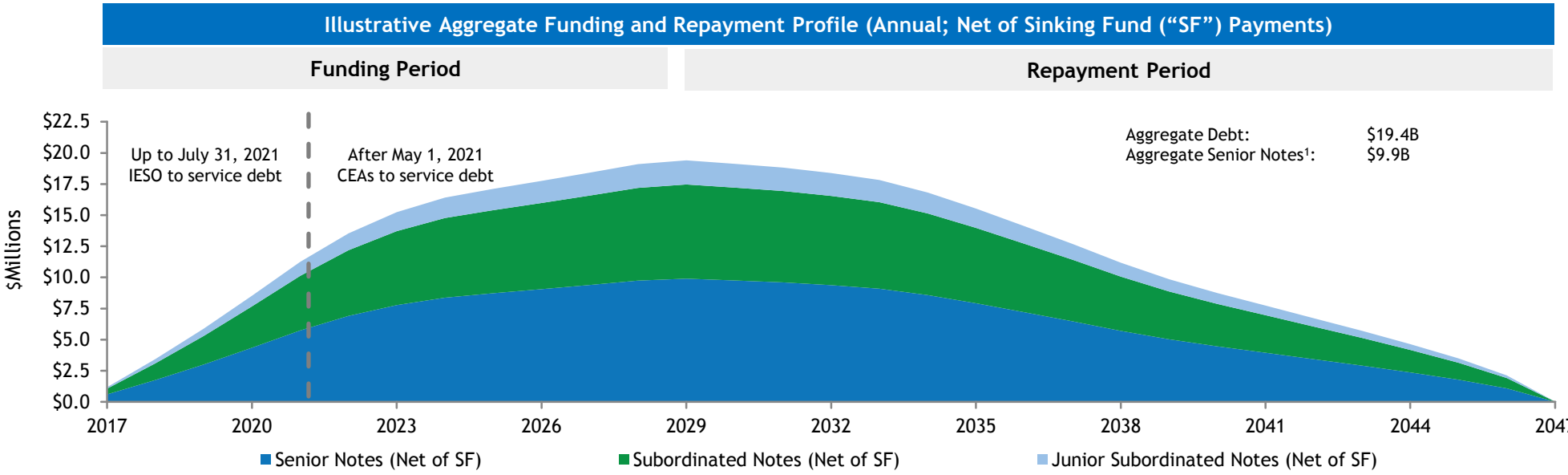

[1] Assumes 51% Senior Notes

Note: During the Moratorium Period and extending three additional months to July 31, 2021, the IESO is required under the Regulations to pay all Carrying Costs. The additional three month period is intended to cover the billing and collection lag from the introduction of Clean Energy Adjustments in May 2021.

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Maximum CEA as a percent of the total bill is forecast to be 10.0%
- Average CEA as a percent of the total bill is forecast to be 6.9%

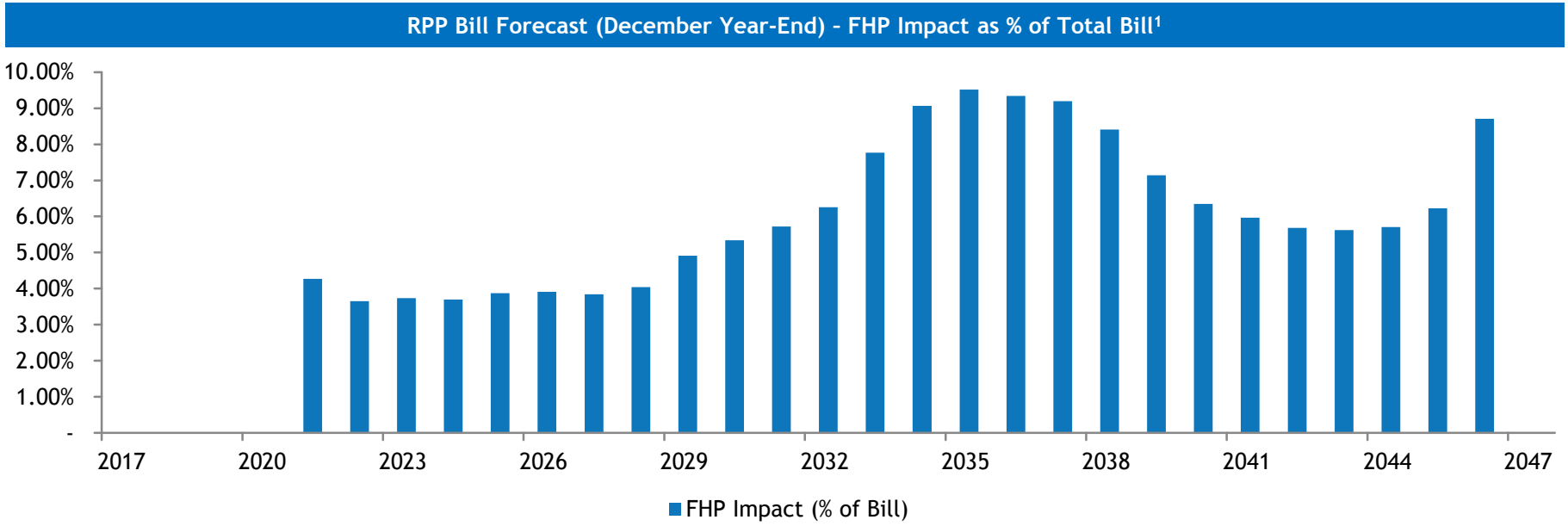

[1] Presents % of total bill at December year-ends; individual months in any given year may have a higher or lower impact as % of total bill.

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including: – Note issuances under supplemental indentures – Borrowings under credit agreements – Purchase of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations – (i) senior – (ii) subordinated – (iii) junior subordinated
Events of Default	• Includes payment and senior defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped under the Regulation at the otherwise scheduled amounts, plus an additional amount equal to the amounts available under the FAA • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness. Accordingly, the subordination of debt across all series of debt should advance the repayment of the principal amount for senior funding obligations • After an acceleration, all Senior Term Notes will be paid pari-passu

Waterfall

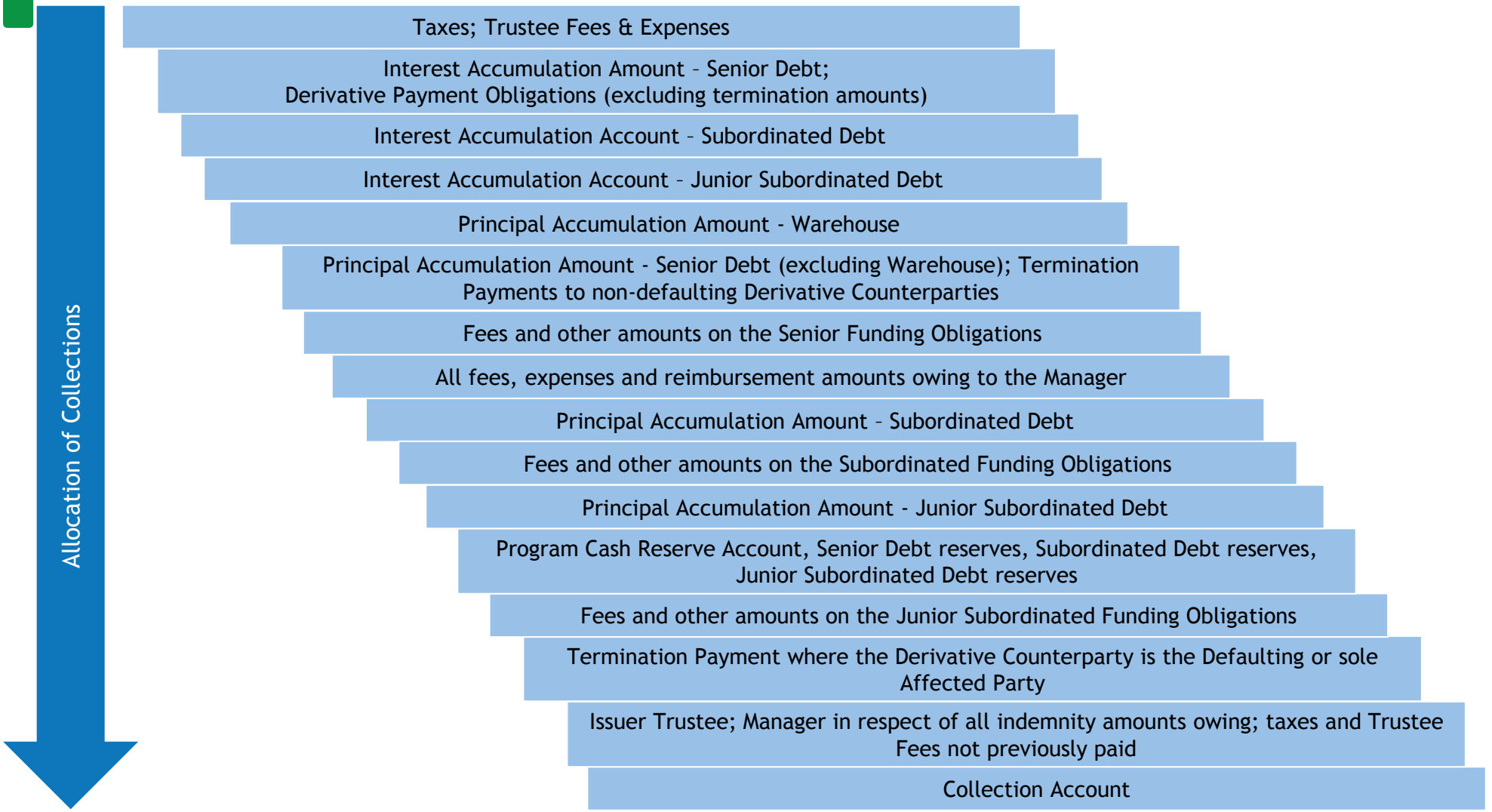

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.
Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in favour of the Indenture Trustee for lenders/investors in these circumstances
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True-up mechanism may result in a delay, but will be corrected in next True-up • Cash reserve and 35%-49% subordination which would first absorb any shortfalls • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• Until July 31, 2021, the Trust is dependent on the IESO to remit payments to the Trust for all Carrying Costs • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and very low losses and grants security over its accounts receivable owed by Electricity Vendors as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment • $2 billion credit facility from the OFA which can be used by the IESO to pay the Carrying Costs
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill over the collection period is forecast to be 10%
Disruptive Technology Risk / Change in Demographics	• Technological developments may result in reduced CEA payments as a result of increased use of alternative energy sources • Population fluctuations may result in fewer Specified Consumers	• True-up mechanism available to offset the reduction in CEAs due to technological advancements or fluctuations in the number of Specified Consumers • Collection shortfalls are allocated among a large base of Specified Consumers

VII. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Term Issuance	**Class**	**Issue Amount**	**% of Initial Aggregate Notes**	**Expected Maturity Date**	**Principal Payment Default Date**	**Expected Ratings (DBRS / Moody's)**
	Senior Term Notes	$[●]MM	51%	May 15, 2033	May 15, 2035	AAA (sf) / Aa2 (sf)
	Subordinated Notes	$[●]MM (placed with OPG)	39%	May 15, 2033	May 15, 2035	[●]
	Jr. Subordinated Notes	$[●]MM (placed with OPG)	10%	May 15, 2033	May 15, 2035	[●]
Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances (not including principal) from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from residential and small commercial customers in Ontario (After May 1, 2021)					
Payment Frequency	Semi-annual pay on May 15 and November 15 until the Expected Maturity Date, monthly thereafter if the notes are not repaid on the Expected Maturity Date					
Principal Accumulation	Principal will be accumulated monthly commencing January 2030 to facilitate repayment of notes on the Expected Maturity Date					
Interest Type	Fixed rate					
Senior Note Credit Enhancements	• Subordinated and Junior Subordinated notes initially equal to 49% of the aggregate issuance amount • Program Cash Reserve Account • Semi-annual (or more frequent) True-up mechanism to address any shortfalls in collections					
Program Cash Reserve Account	After the Moratorium Period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post Moratorium Period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & non-bypassable ratepayer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers
- Robust true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong ratepayer base in Ontario

Appendix – Key Agreement Summaries

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee as Trustee of the Issuer, on behalf of Specified Creditors[1], and (3) OPG as FSM
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event (see slide 22 for details) the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture ("MTI") remain outstanding • **Limited Guarantee**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called an "Approved Obligation") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other Program Breach or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a Change of Law Process Agreement between OPG and the Province. Any new funding obligations that are incurred during a suspension period will not have the benefit of the Limited Guarantee, except that the Change of Law Protection Agreement applies to post-suspension refinancing of previously issued Approved Obligations

[1] **Specified Creditors** refers to any Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of specified portions of the Regulatory Asset, and upon such transfers the Trust acquires an Investment Interest; also describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the Legislation, including receiving CEA amounts from Electricity Vendors and remitting the same to the Trust; other duties of the IESO include: – Establishing a segregated account for collecting CEAs and using commercially reasonable efforts to cause Electricity Vendors to do the same; – Remitting CEAs monthly to the Trust (unless downgraded below investment grade in which case it will remit within two business days); – Preparing monthly servicer reports; and – Providing a forecast of electricity consumption • **Carrying Costs:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, on behalf of specified creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – Paying taxes on behalf of the Trust • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated all of the powers and duties of managing the Trust to OPG under the Management Agreement

From:	Saulnier, Brett
To:	VINER, JON; Thouin, Alena (ENERGY); Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mike Manning; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Mark Donaldson (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan; Huang, Jackson (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); Gadi Mayman
Cc:	LEE John -TREASURY; "ken.ryfa@opg.com"; WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Mansoori, Nina; Ramchandani, Rima; Feldman, Michael
Subject:	RE: Fair Hydro Trust - Disclosure Documents
Date:	Wednesday, January 17, 2018 6:11:15 PM
Attachments:	Blackline Fair Hydro Trust Investor Presentation - Jan 8 v Jan 17.pdf Fair Hydro Trust Investor Presentation - Jan 17.pdf

All,

Please find attached a revised Investor Presentation. The dealers have prepared a blackline, but noted that it was done manually and to refer to the clean in the event of any inconsistencies.

The attached remains subject to further review and comment by OPG, IESO, the dealers and their respective counsel.

Thanks,
Brett

Brett Saulnier

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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Saulnier, Brett
Sent: January-17-18 1:31 AM
To: 'VINER, JON' <JON.VINER@blakes.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro Trust - Disclosure Documents

All,

Please find attached revised versions of the Offering Memorandum and Term Sheet. We have accepted the majority of the Province's comments where appropriate and I have included blacklines of each document against the version circulated by Jon below. The attached also reflect comments received from the IESO and some additional clean-up changes made since the documents were provided to the Province on January 5.

In the interest of time, we are circulating these drafts to all parties concurrently. Accordingly, they remain subject to review and comment by OPG, IESO, the dealers and their respective counsel.

Thanks,
Brett

Brett Saulnier

From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: January-16-18 10:48 AM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>
Subject: Fair Hydro Trust - Disclosure Documents

All,

Please find attached the Province's comments on the offering memorandum, investor presentation and term sheet. We do not have comments on the additional documents circulated on January 5th.

Please let us know if you would like to discuss.

Kind regards,
Jon

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Associate
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Fair Hydro Trust
Investor Presentation

January [xx], 2018

Denotes Major Change

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Some of the statements contained in this presentation, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. The forward-looking information contained in this presentation is presented for the purposes of assisting prospective purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances. Reference should be made to the information under the headings "Caution Regarding Forward-Looking Information" and "Risk Factors" in the Offering Memorandum.

The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, neither the Issuer nor Ontario Power Generation (OPG) intends, or assumes any obligation, to revise or update any information in this presentation.

By attending this presentation, or accepting a copy of this presentation, each prospective purchaser agrees that all information contained herein, all documents delivered in connection herewith and all other information obtained by such prospective purchaser in relation to the Issuer or OPG (collectively, the Confidential Information) is confidential, that none of the Confidential Information will be copied, transcribed, recorded or transmitted by the recipient for any reason or used for any purpose other than evaluating an investment in the Issuer's Notes, and that the recipient will hold all of the Confidential Information in confidence and will not provide any of it to third parties other than persons retained to advise the recipient with respect to the purchase of the Issuer's Notes (so long as they advise such persons of the confidential nature of such Confidential Information), without the prior written consent of the Issuer and OPG.

Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer &
Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview

II. Ontario Electricity Market

III. Legislative and Regulatory Framework

IV. Contractual Framework

V. Financing Program

VI. Key Risks and Mitigants

~~VI.~~VII. Summary of the Offering

~~VII.I. Key Risks and Mitigants~~

VIII. Investment Highlights

~~VIII.~~ Appendix – Key Agreement Summaries

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan (FHP) on March 2, 2017, which proposed to lower the average electricity bill for eligible customers[1] ~~(referred to as Specified Consumers)~~ by 25% (the "Fair Adjustment") • The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax granted by the Ontario government in January 2017 • ~~It is expected that the rate reduction will be in effect until April 30, 2021, with any rate increases until that date limited to the rate of inflation in Ontario~~
Legislation	• On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (~~together, with the regulations promulgated thereunder,~~ the "FHPA" or "Act") to give effect to the FHP~~, legislation that reallocates certain electricity costs over time and provides immediate rate relief contemplated by the Fair Hydro Plan to Specified Consumers~~ • The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers and to provide fairness for Specified Consumers over time • The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and together with the FHPA, the "Legislation") • The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers and referred to as the Clean Energy Adjustment (CEA); ~~that~~ will be determined by Ontario Power Generation (OPG) in accordance with the Legislation in its role as Financial Services Manager under the Act • The CEA will be determined for each six month reference period and converted by the Ontario Energy Board (OEB) into a $/kWh rate and added to electricity invoices sent to Specified Consumers commencing on May 1, 2021 • From July 1, 2017 to April 30, 2021 (the "Moratorium Period"), no payments in respect of CEA ~~will~~ expected to be collected; during ~~this~~the Moratorium ~~p~~Period the Independent Electricity System Operator (IESO) is obligated to pay all funding and other expenses of the Trust (excluding principal) (referred to as "Carrying Costs") under the ~~Regulations~~Legislation
Fair Hydro Trust	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior, subordinated and junior subordinated notes • Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis is ring fenced from OPG's other creditors • The FHT term notes will be repaid through the CEA payments received from Specified Consumers

[1] ~~Primarily Regulated Price Plan-eligible customers~~ Defined as Specified Consumers under the FHPA.~~.~~

Summary of Indicative Terms

Overview of Notes

Class	Senior	Subordinated	Junior Subordinated
Issue Amount	$[●]MM	$[●]MM (not offered)	$[●]MM (not offered)
% of Aggregate Notes	[51%]	[39%]	[10%]
Proposed Ratings (DBRS / Moody's)	[AAA(sf)/AA(sf)]	[●(sf)/●(sf)]	[●(sf)/●(sf)]
Term to Maturity	~[15 years]	~[15 years]	~[15 years]
Expected Maturity Date	May 15, 2033●	May 15, 2033●	May 15, 2033●
Principal Payment Default Date	May 15, 2035●	May 15, 2035●	May 15, 2035●
Par Call Date	November 15, 2032●	November 15, 2032●	November 15, 2032●
Principal Accumulation	Principal will be accumulated monthly commencing January 2030 to facilitate repayment of notes on the expected maturity date		
Interest Type	Fixed		
Day Count	180/360, first payment actual/365		
Payment Dates	April May 15 and October November 15 or next business day		

Credit Enhancements	Credit enhancements for the FHT 2018-1 Senior Notes will consist of: • Subordinated and Junior Subordinated notes equal [49%] of the aggregate issuance amount and will be retained by OPG • A segregated trust account with an eligible institution, referred to as a Program Cash Reserve Account, ~~A Program Cash Reserve Account~~ which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations • Change of Law Protection Agreement to address political risk • True-up mechanism to address any shortfalls in collections
Operating Agents	OPG serving as the Financial Services Manager and the Independent Electricity System Operator as the Servicer

- ~~The Fair Hydro Trust, Series 2018-1 ("FHT 2018-1") notes are secured by the Trust's right to collect Clean Energy Adjustments~~
- ~~The FHT 2018-1 structure will consist of three classes of sequential pay, fixed rate, semi-annual bullet notes~~
- ~~Principal will be accumulated to facilitate the repayment of notes on the expected maturity date~~

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt
  - The subordination amount may vary but must at least be equal to or greater than 35% of all outstanding debt

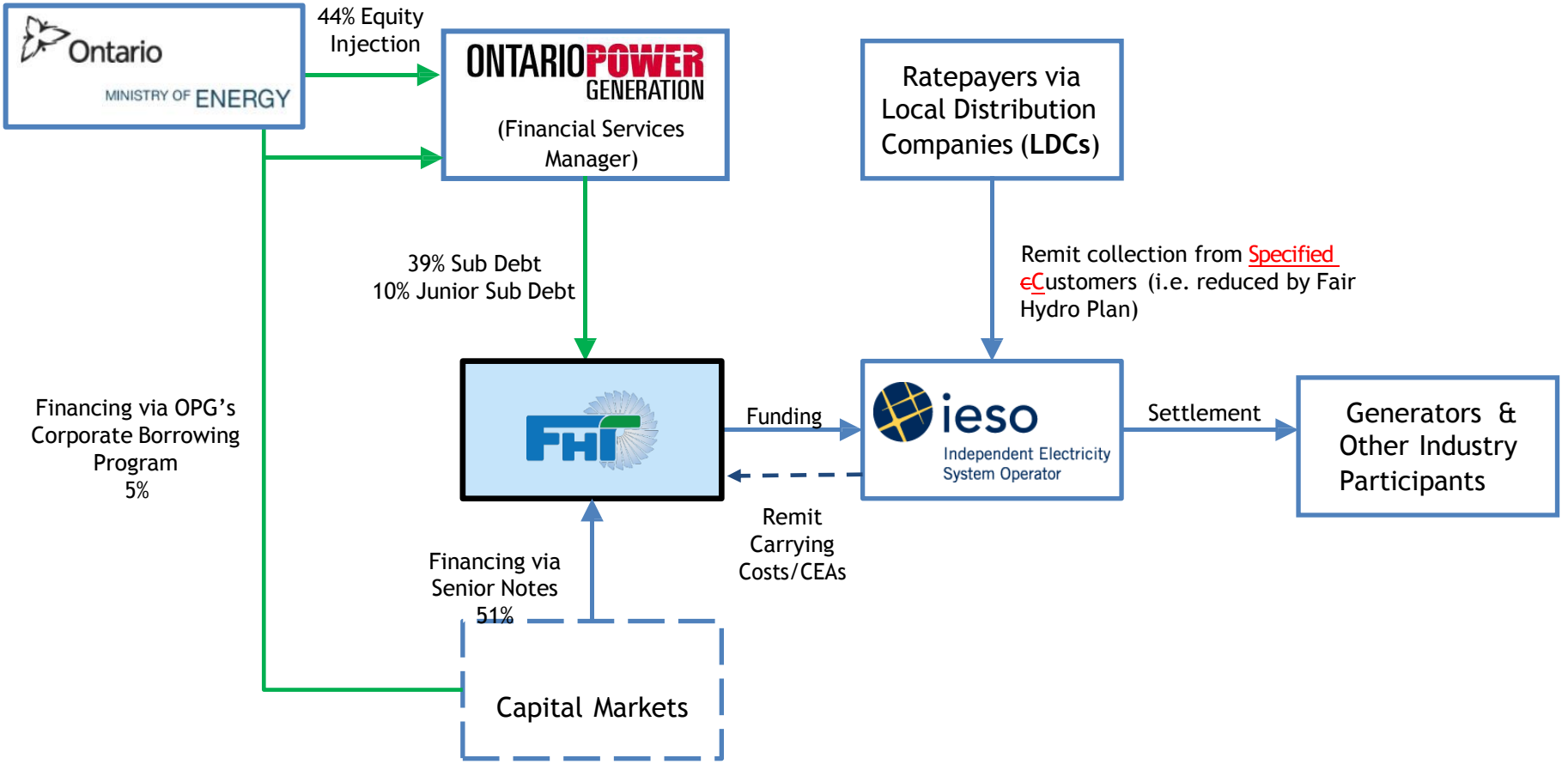

Note: The diagram above is based on subordinated debt of 49% of all outstanding debt
Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa.

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by the wholesale electricity market and by direct contracts with the IESO (e.g. Bruce Power (nuclear), wind, solar, hydroelectric)

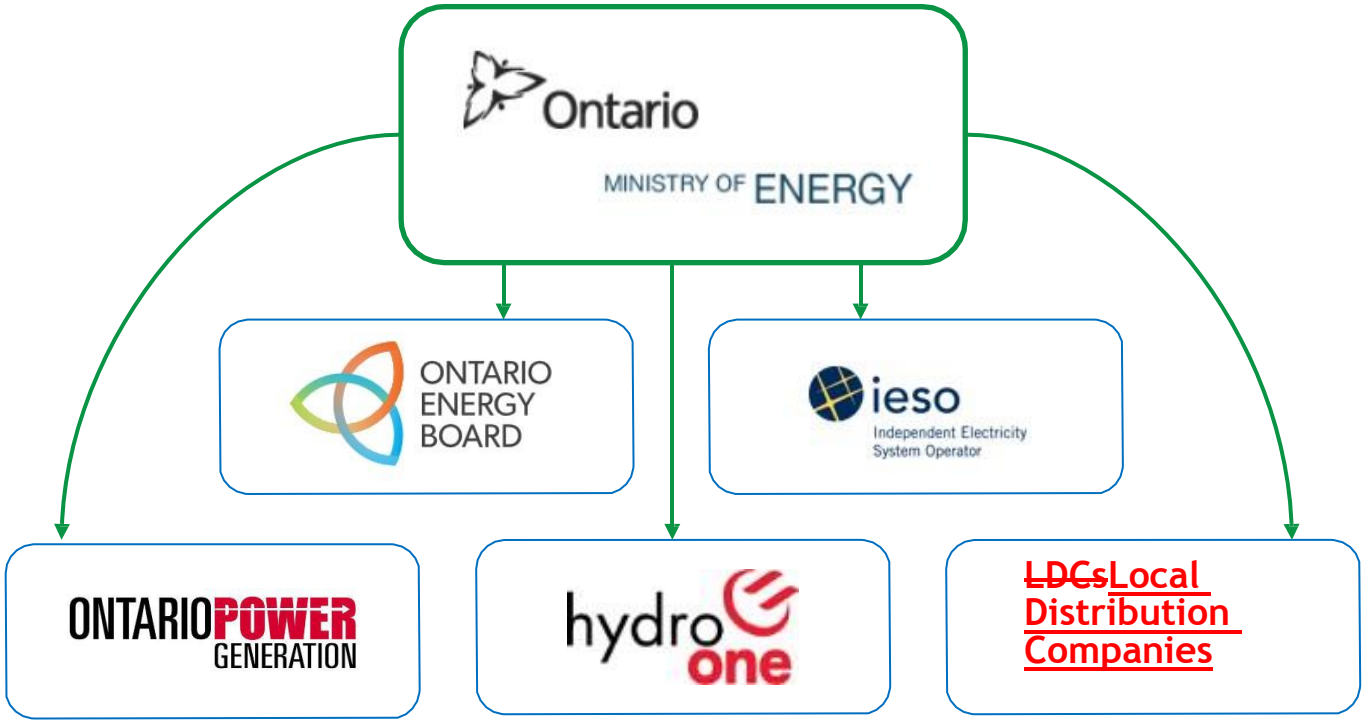

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the

mathematical average of the system costs on page 44 in the appendix “Data Tables for the OPO Technical Report”.

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets ~~the~~ policy for the electricity system
Ontario Energy Board	--	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan (RPP); RPP rates are set twice a year (May and November)
ieso Independent Electricity System Operator	**A(h) / -- / Aa2**	• Corporation without share capital ~~Not-for-profit corporation~~ established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing approximately half of the province's electricity
Hydro One	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations~~, including LDCs~~. The majority of LDCs continue to be municipally-owned, while others have been ~~sold to or~~ acquired by Hydro One or private-sector owners
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
~~Residential & Small Commercial[2]~~Total Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Total Revenue[4]
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**
Percentage of Residential & Small Commercial[2]		**69%**	**~~72%~~**

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment) and records this amount, together with financing costs and other related, in a variance account
- FHT will finance the shortfall and is entitled to recover its costs and the principal and interest on its debt through CEAs from Specified Consumers

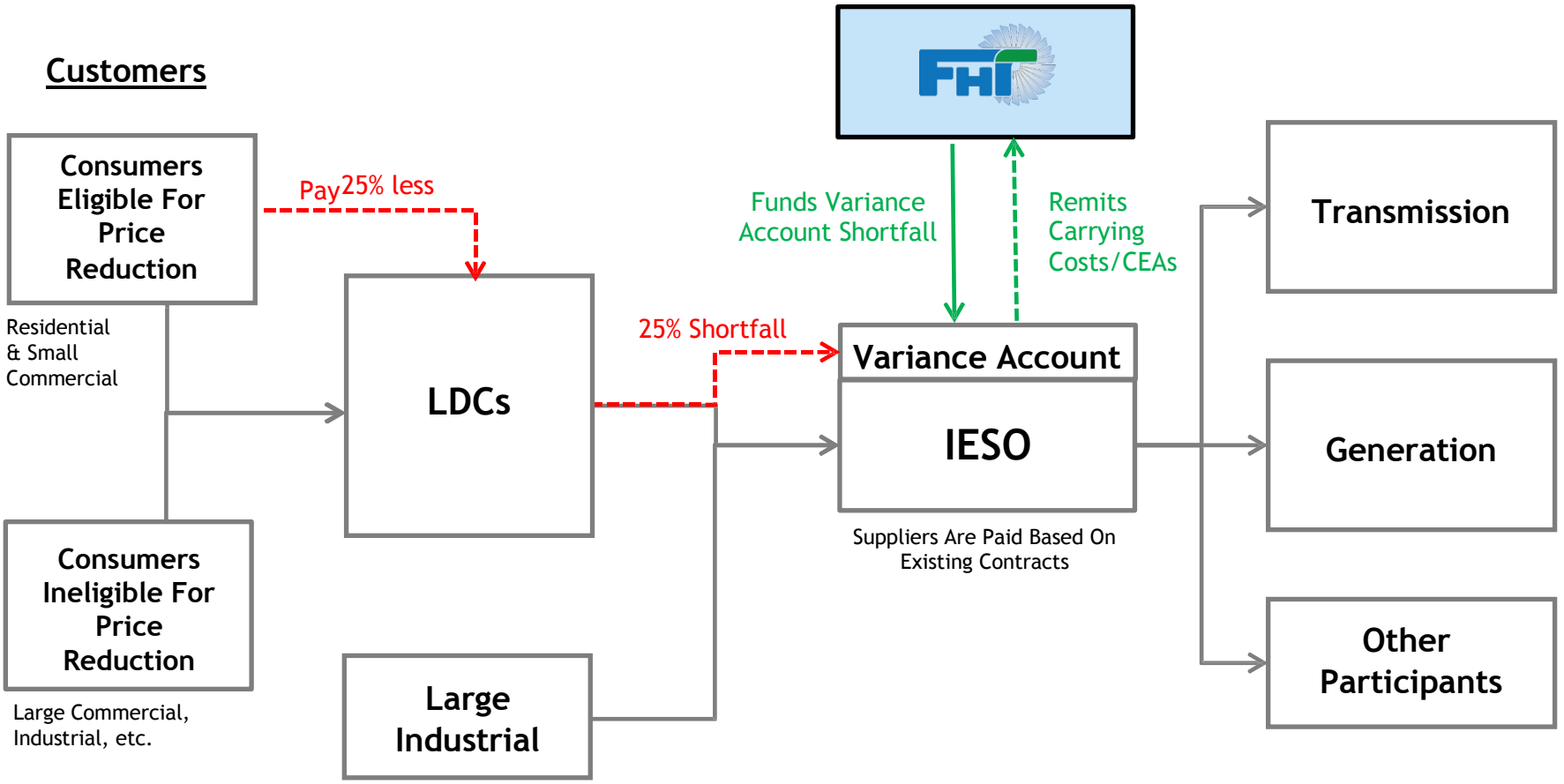

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017 – April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018 – April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019 – April 30, 2021** - rate reductions will be established by future regulation but anticipated to increase by the rate of inflation in Ontario

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment) and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the Regulatory Asset) • The IESO may from time to time transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the corresponding amount recorded in the
Investment Asset	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an Investment Interest) • By acquiring an Investment Interest, the Trust will be entitled to recover all of its associated financing costs and acquires the right to ~~impose, invoice,~~ collect, receive and recover CEAs from Specified Consumers in accordance with the Legislation
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are not permitted to be collected from Specified Consumers during this period • The IESO is obligated to pay the Trust all Carrying Costs, excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in ~~all of~~ its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion general credit facility from the Ontario Financing Authority (OFA) which can be used among other things to ~~pay~~ fund payments of the Carrying Costs

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the cost of the IESO deferral ~~financing the shortfall from the Fair Adjustment~~ and the associated costs of the financing, including payment of principal, operating costs of the Trust and funding of reserve accounts
- CEAs shown on an invoice issued to Specified Consumers represent the amount of the consumers' indebtedness and may not be set off or bypassed

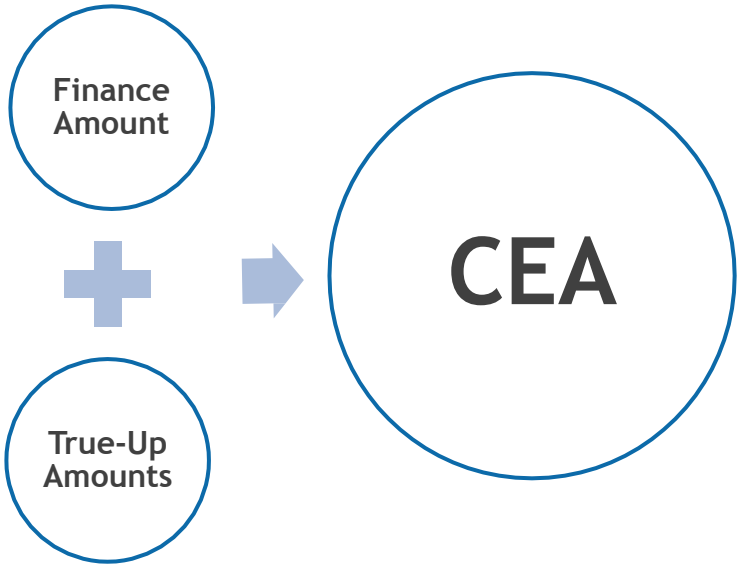

Finance amount is an estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other reasonably foreseeable differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the ~~collection~~ obligations of the IESO under the Master Transfer & Servicing Agreement ~~(MTSA)~~, and the ability to include amounts in the CEA by means of the ~~into the~~ true up mechanism
- IESO is ~~allowed to commingle~~required to seperate the CEAs during a monthly period before remitting to FHT. If the IESO's credit rating is downgraded below investment grade, ~~it will not be allowed to commingle CEAs and will remit~~the IESO will be required to remit within two business days of receipt

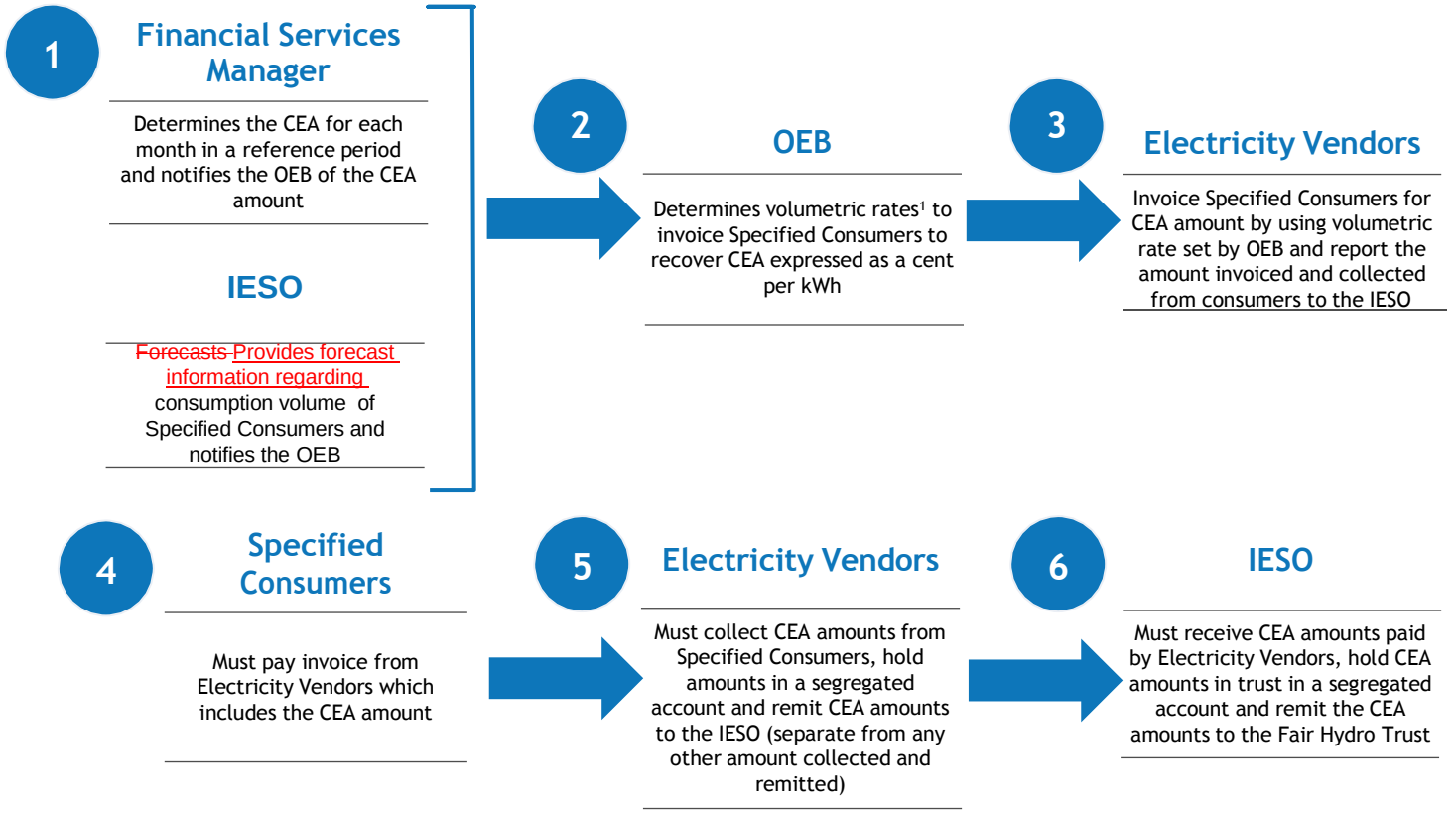

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

Fair Allocation Amount

Please refer to the updated Fair Allocation Amount slide in the clean version (slide 19) for updated commentary, graphs and footnote

- The Fair Allocation Amount (FAA) is the estimated clean energy cos
  reallocated on the basis of estimated clean energy benefits to Specified Consumers in respect of each reference period and includes operating and financing costs of the FHT
- If the FAA is negative, this means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of clean energy costs (with the consequent rate reduction for current Specified Consumers); the FAA is expected to be negative until at least May 2024
- The Ministry of Energy may provide updated FAAs to OPG from time-to-time

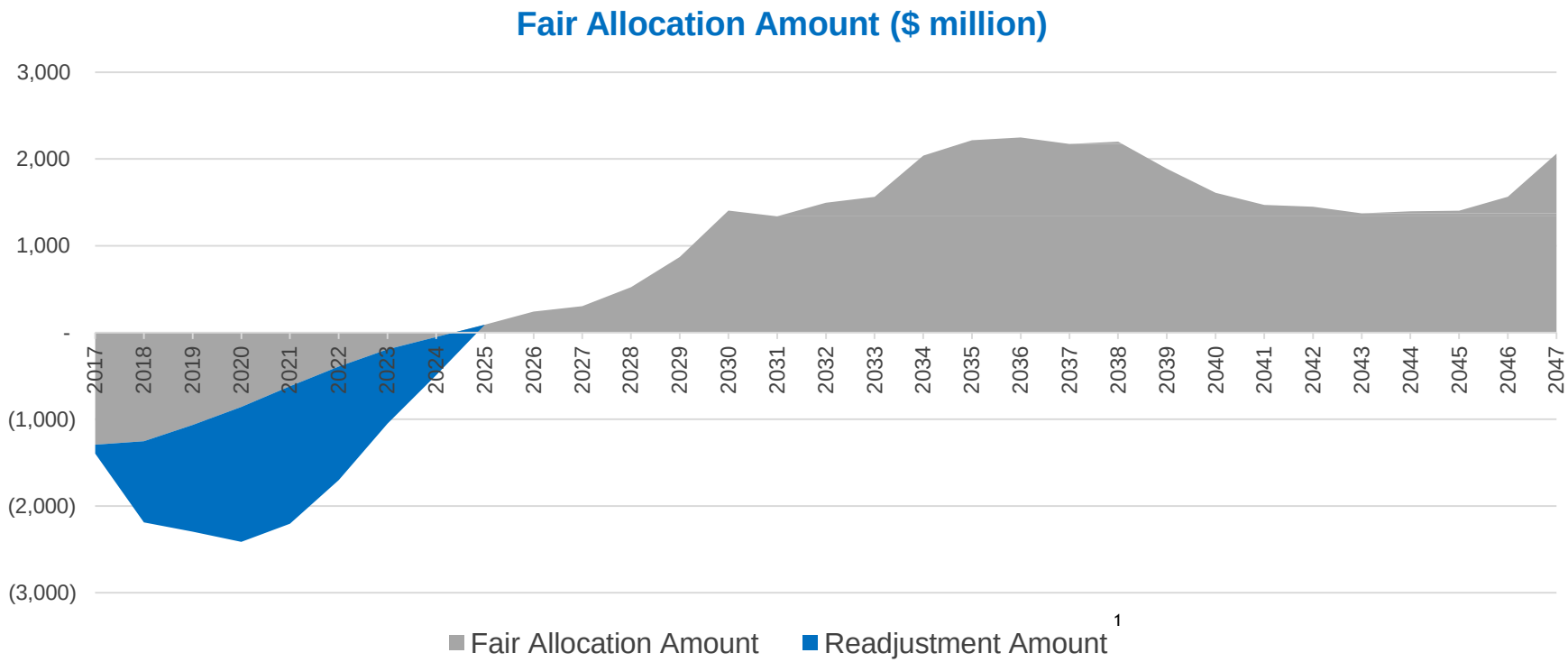

[1] The Readjustment Amount represents the amounts by which Specified Consumers overpaid for clean energy initiatives in the past. It has been incorporated into the FAA to further reduce electricity bills for such consumers.

IV. Contractual Framework

Simplified Contractual Structure

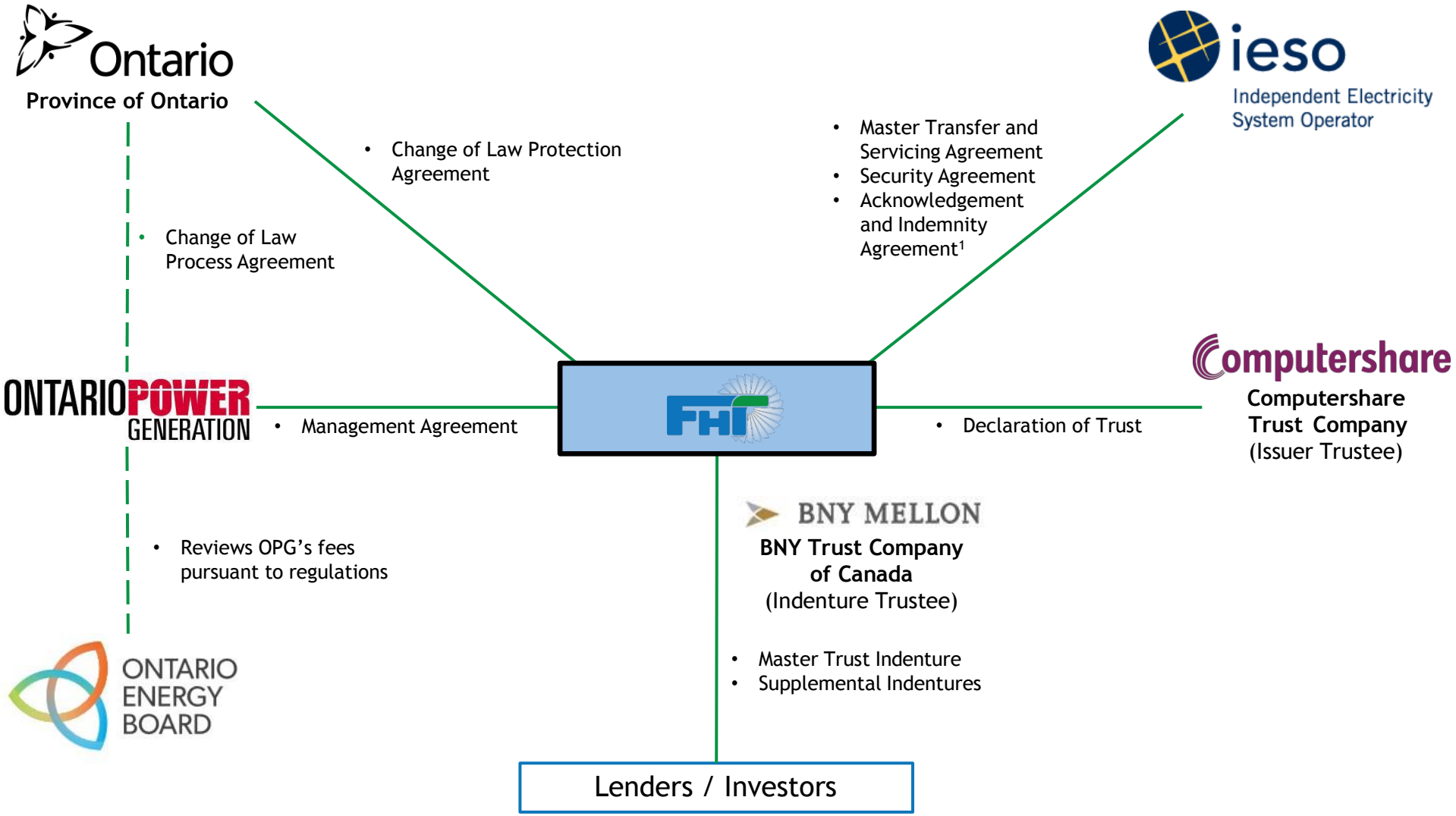

[1] Agreement between IESO and Indenture Trustee.

Key Agreements

Note: Key Agreements were moved into the appendix and a "Contract Summary" slide was added to the clean version

Note: moved to Appendix

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee as Trustee of the Issuer, on behalf of Specified Creditors[1], and (3) OPG as Financial Services Manager (FSM)
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event referred to below, the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding • ~~**Mandatory Payment**~~**Limited Guarantee**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called an ~~issuance of debt which is to benefit from the Change of Law Protection Agreement from the Province (such debt called~~ "Approved Obligation~~s~~") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other Program Breach or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a Change of Law ~~p~~Process A~~a~~greement between OPG and the Province~~., and~~ A~~a~~ny new funding obligations that are incurred during a suspension period will not have the benefit of the ~~Change of Law Protection Agreement~~Limited Guarantee, except that the Change of Law Protection Agreement applies to Post-Suspension Refinancing of previously issued Pre-Approved Refinancing

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Note: moved to Appendix

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events:

(1)

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "Regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

(2)

- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

Key Agreements (cont'd)

Note: moved to Appendix

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest and describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the legislation~~regulations~~, including ~~collecting~~ receiving CEA amounts from Electricity Vendors and remitting the same to the Trust~~, including:~~; other duties of the IESO include: – Establishing a segregated account for collecting CEAs and using commercially reasonable efforts to cause Electricity Vendors to do the same; – ~~Collecting~~ Receiving CEAs from Electricity Vendors; – Remitting CEAs monthly to the Trust (unless downgraded below investment grade in which case it will remit daily); – Preparing monthly servicer reports; and – Providing a ~~F~~forecast~~ing~~ of electricity consumption of Specified Consumers • **Moratorium Period:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements (cont'd)

Note: moved to Appendix

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, on behalf of specified creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust

Key Terms	• **Duties Include**:
	  - Negotiating and executing program agreements;
	  - Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations;
	  - Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances);
	  - Preparing monthly portfolio reports;
	  - Preparing financial statements; and
	  - Paying taxes on behalf of the Trust
	• **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests
	• **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements
	• **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding
	• **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated all of the powers and duties of managing the Trust to OPG under the Management Agreement

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	✔		
Determination of CEA for a Reference Period, including the True-Up Amount	✔		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management	✔	✔	
Preparation of Monthly Servicer Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit and bank funded senior debt) and ~~subordinated~~ subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly Regulatory Asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Warehouse Financing	• ABCP conduit and bank funded senior debt with subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated debt and junior subordinated debt funded by OPG • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) • FHT may issue debt that may be refinanced in the future
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required[1]) will be purchased by OPG, primarily funded by equity injections from the Province (44% of 49%) and the remaining portion from OPG (5% of 49%)

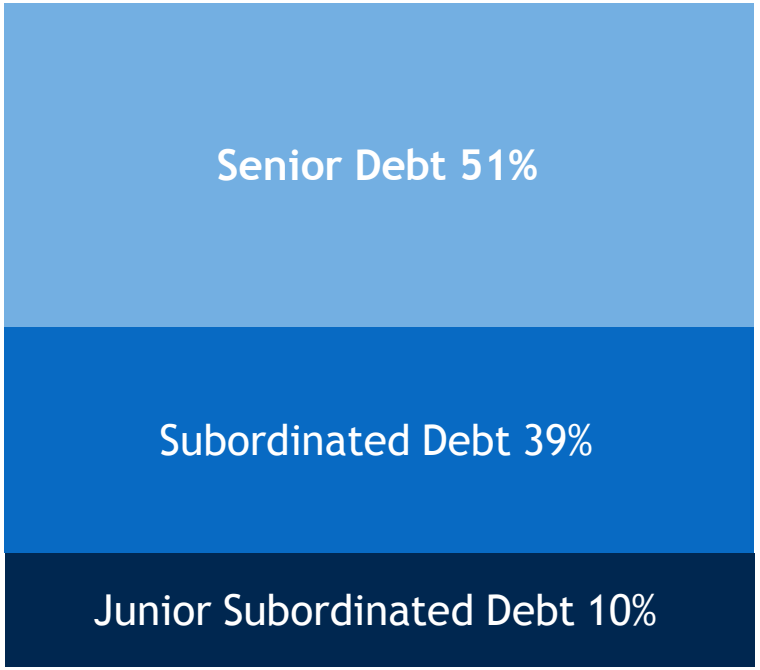

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

[1] Under the MTI, FHT is required at all times to ensure that all outstanding subordinated and junior subordinated debt be not less than 35% of all outstanding debt.
Note: Assumes 49% Subordinated Debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debt will be issued periodically during the period of 2018 - 2028, which are expected to mature over a period after 2029

Illustrative Aggregate Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

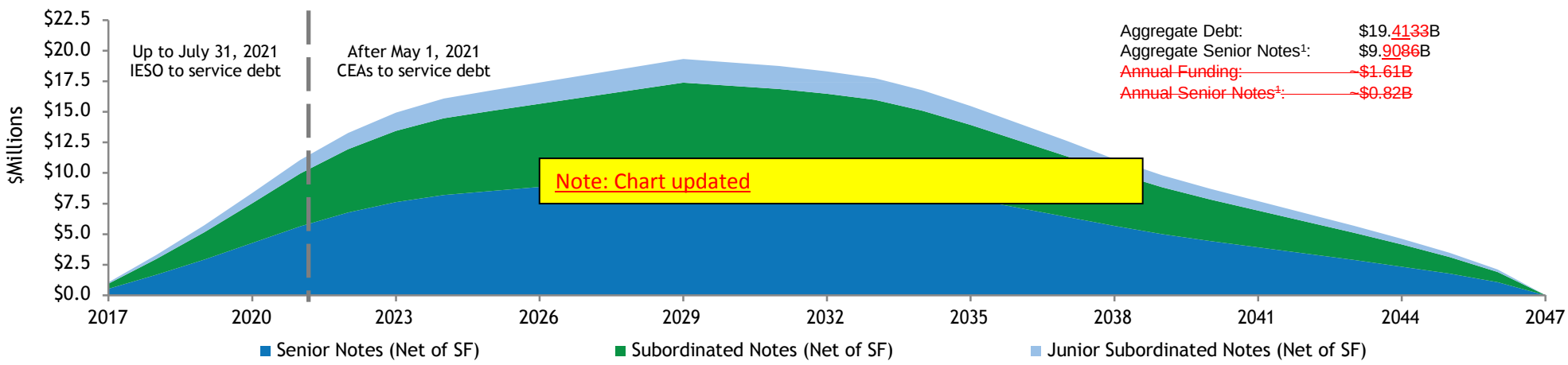

[1] Assumes 51% Senior Notes

Note: During the Moratorium Period and extending three additional months to July 31, 2021, the IESO is required under the Regulations to pay all Carrying Costs. The additional three month period is intended to cover the billing and collection lag from the introduction of Clean Energy Adjustments in May 2021.

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Max CEA as a percent of the total bill is forecast to be 10.01%
- Average CEA as a percent of the total bill is forecast to be 6.9%

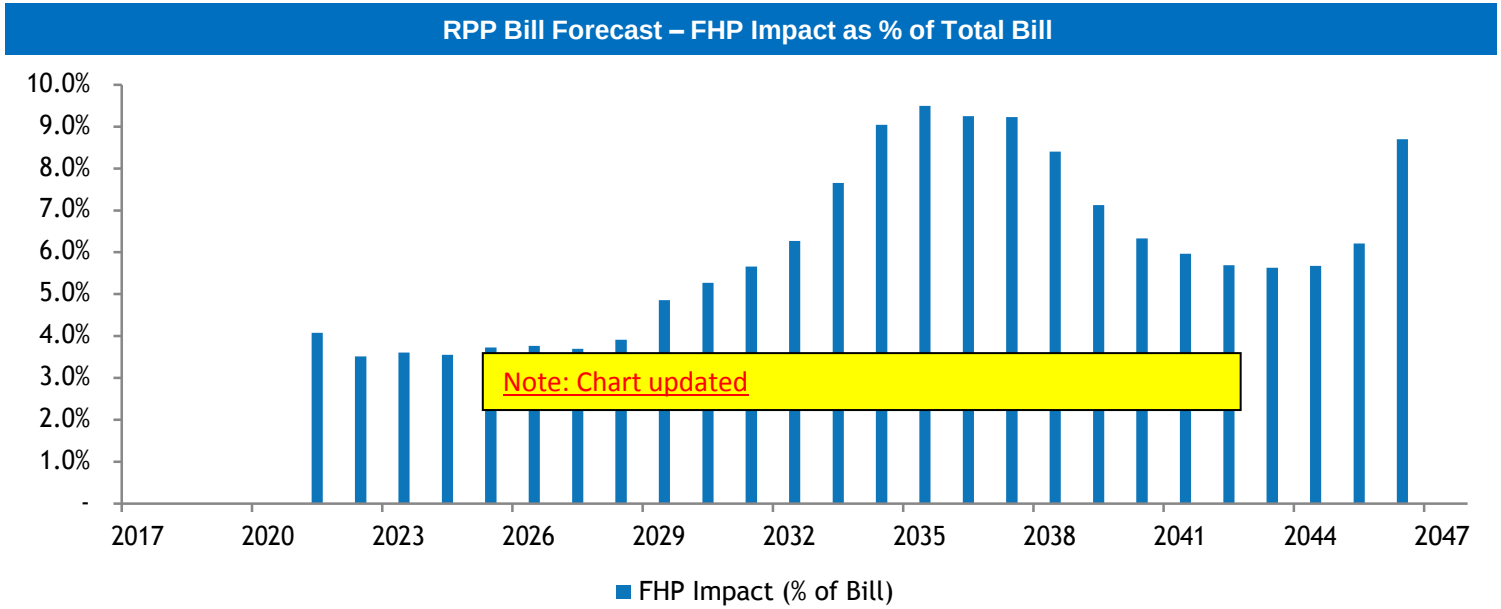

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including: - Note issuances under supplemental indentures - Borrowings under credit agreements - Purchase of notes under note purchase agreements - Letters of Credit/Guarantees under credit enhancement agreements - Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: - the incurrence of such additional obligations will not cause an adverse effect - the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations - (i) senior - (ii) subordinated - (iii) junior subordinated
Events of Default	• Include payment defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• •Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped ~~CEAs cannot be increased to the level required to immediately repay all outstanding principal following acceleration. The increase in CEAs is limited~~ under the Regulation at the otherwise scheduled amounts, plus an additional amount if the aggregate of those otherwise scheduled amounts would be less than ~~to the amount available per~~ the FAA for the period • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness.~~CEAs are allocated to paying the senior indebtedness first.~~ Accordingly, the subordination of debt across all series of debt ~~would~~ should advance the repayment of the principal amount for senior funding obligations • After an acceleration, all Senior Term Notes will be paid parri-passu

Waterfall

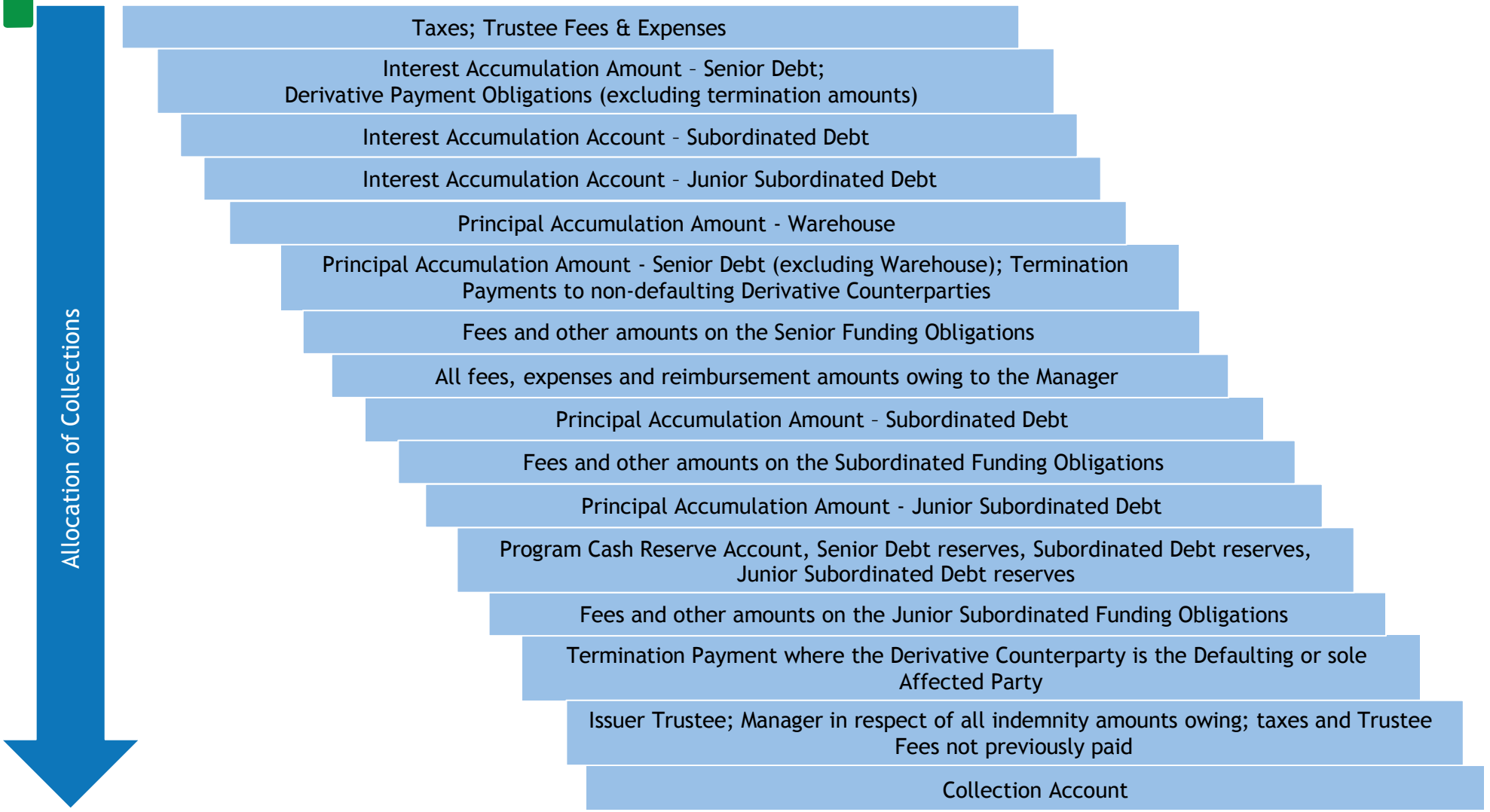

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.
Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Summary of Offering

Summary of Indicative Terms

Note: Please refer to the updated summary in the clean version (slide 36) due to formatting issue with the blackline. Moved after Risk Mitigants.

Initial Fair Hydro Term Issuance	Class			Maturity	Principal Payment Default Date	Rating (DBRS / Moody's)
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA (sf) / Aa2 (sf)
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from residential and commercial customers in Ontario, related collections and reserve accounts (After May 1, 2021)					
~~Principal Accumulation Date(s) and Principal Accumulation Amount(s):~~	~~Principal Accumulation Date~~ ~~●, 20●~~		~~Principal Accumulation Amount~~ ~~$●~~			
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual (or more frequent) True-up • Reserve Account • Subordination					
Program Cash Reserve Account	After Moratorium period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post-moratorium period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					
Additional Issuance	Master Trust Indenture allows for the issuance of additional notes subject to satisfaction of Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in favour of the Indenture Trustee for lenders/investors in these circumstances
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True up mechanism may result in a delay, but will be corrected in next True up • Cash reserve and 35%-49% subordination which would first absorb any shortfalls • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• During the Moratorium Period, the Trust is dependent on the IESO to remit payments to the Trust for all Carrying Costs~~to pay for all Carrying Costs~~ • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an~~on~~ LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and very low losses and grants security over ~~all of~~ its accounts receivable~~s~~ owed by Electricity Vendors as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held~~for the commingling of CEAs~~ by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment • $2 billion ~~general~~ credit facility from the OFA which can be used by the IESO to pay ~~the Carrying Costs~~
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill over collection period is forecast to be ~10%
Disruptive Technology Risk / Change in Demographics	• Technological developments may result in reduced CEA payments as a result of increased use of alternative energy sources • Population fluctuations may result in fewer Specified Consumers	• True-up mechanism available to offset the reduction in CEAs due to technological advancements or fluctuations in the number of Specified Consumers • Collection shortfalls are allocated among a large base of Specified Consumers

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & non-bypassable rate payer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers ~~(Joint and Several Liability)~~
- ~~Enhanced~~ Robust true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong ratepayer base in Ontario~~service territory~~
- ~~No large user industrial risk exposure~~

Fair Hydro Trust
Investor Presentation

January [xx], 2018

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Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer &
Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview

II. Ontario Electricity Market

III. Legislative and Regulatory Framework

IV. Contractual Framework

V. Financing Program

VI. Key Risks and Mitigants

VII. Summary of the Offering

VIII. Investment Highlights

Appendix – Key Agreement Summaries

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan	• The Province of Ontario announced its Fair Hydro Plan (FHP) on March 2, 2017, which proposed to lower the average electricity bill for eligible customers[1] by 25% (the "Fair Adjustment") • The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax granted by the Ontario government in January 2017
Legislation	• On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017* (the "FHPA or the "Act") to give effect to the FHP • The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers and to provide fairness for Specified Consumers over time • The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and together with the FHPA, the "Legislation") • The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers and referred to as the Clean Energy Adjustment (CEA); will be determined by Ontario Power Generation (OPG) in accordance with the Legislation in its role as Financial Services Manager under the Act • The CEA will be determined for each six month reference period and converted by the Ontario Energy Board ("OEB") into a $/kWh rate and added to electricity invoices sent to Specified Consumers commencing on May 1, 2021 • From July 1, 2017 to April 30, 2021 (the "Moratorium Period"), no payments in respect of CEA are expected to be collected; during the Moratorium Period and extending to July 31, 2021, the Independent Electricity System Operator (IESO) is obligated to pay all funding and other expenses of the Trust (excluding principal) (referred to as "Carrying Costs") under the Legislation
Fair Hydro Trust	• The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") through the issuance of senior, subordinated and junior subordinated notes • Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis, is ring fenced from OPG's other creditors • The FHT term notes will be repaid through the CEA payments received from Specified Consumers

[1] Defined as Specified Consumers under the FHPA.

Summary of Indicative Terms

Overview of Notes			
Class	**Senior**	**Subordinated**	**Junior Subordinated**
Issue Amount	$[●]MM	$[●]MM (not offered)	$[●]MM (not offered)
% of Aggregate Notes	51%	39%	10%
Expected Ratings (DBRS / Moody's)	[AAA(sf)/AA(sf)]	[●(sf)/●(sf)]	[●(sf)/●(sf)]
Term to Maturity	~15 years	~15 years	~15 years
Expected Maturity Date	May 15, 2033	May 15, 2033	May 15, 2033
Principal Payment Default Date	May 15, 2035	May 15, 2035	May 15, 2035
Par Call Date	November 15, 2032	November 15, 2032	November 15, 2032
Principal Accumulation	Principal will be accumulated monthly commencing January 2030 to facilitate repayment of notes on the expected maturity date		
Interest Type	Fixed		
Day Count	180/360, first payment actual/365		
Payment Dates	May 15 and November 15 or next business day		
Credit Enhancements	Credit enhancements for the FHT 2018-1 Senior Notes will consist of: • Subordinated and Junior Subordinated notes equal 49% of the aggregate issuance amount and will be retained by OPG • A segregated trust account with an eligible institution, referred to as a Program Cash Reserve Account, which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations • Change of Law Protection Agreement to address political risk • True-up mechanism to address any shortfalls in collections		
Operating Agents	OPG serving as the Financial Services Manager and the Independent Electricity System Operator as the Servicer		

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt
  - The subordination amount may vary but must at least be equal to or greater than 35% of all outstanding debt

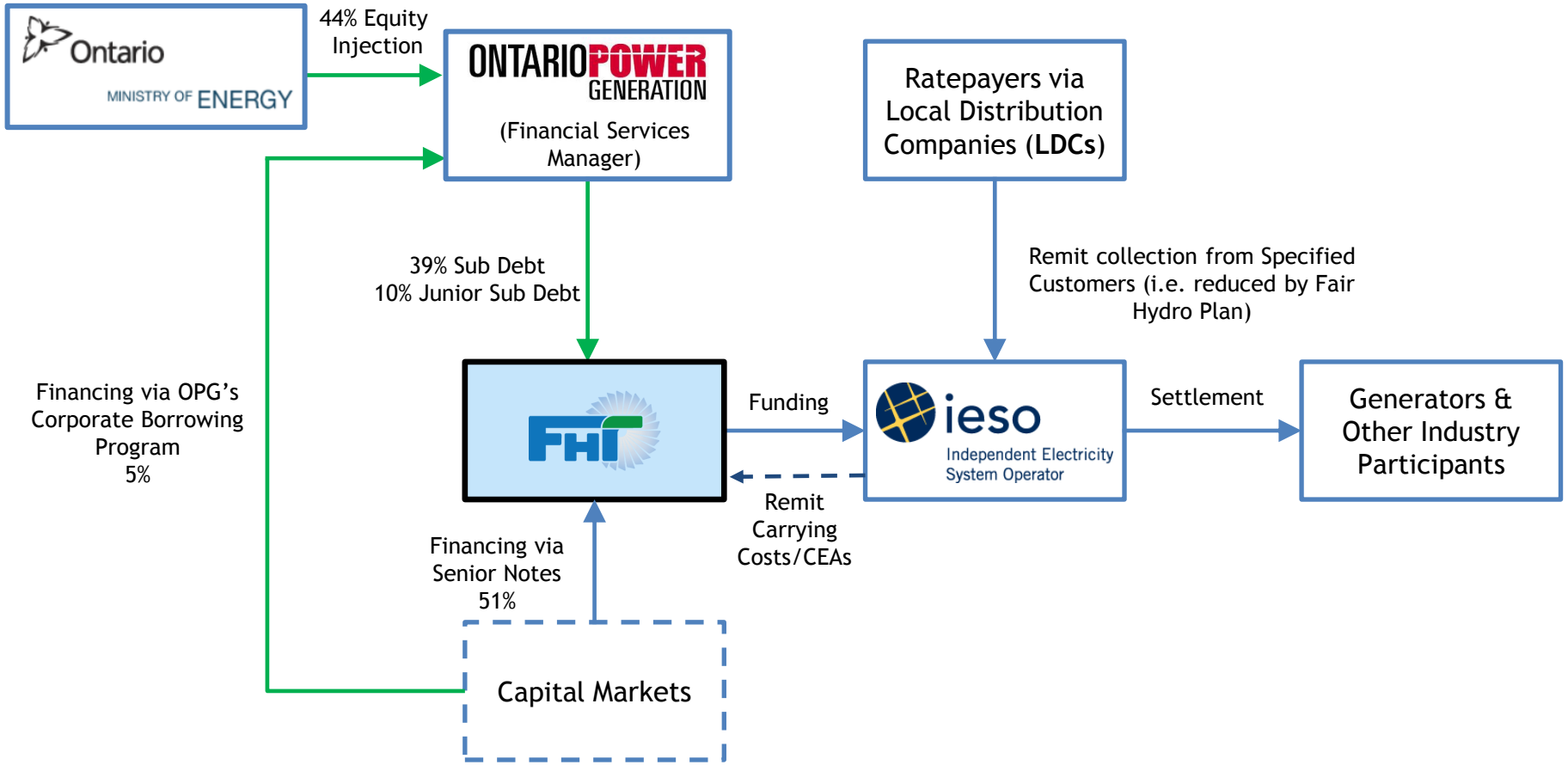

Note: The diagram above is based on subordinated debt of 49% of all outstanding debt
Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa.

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by the wholesale electricity market and by direct contracts with the IESO (e.g. Bruce Power (nuclear), wind, solar, hydroelectric)

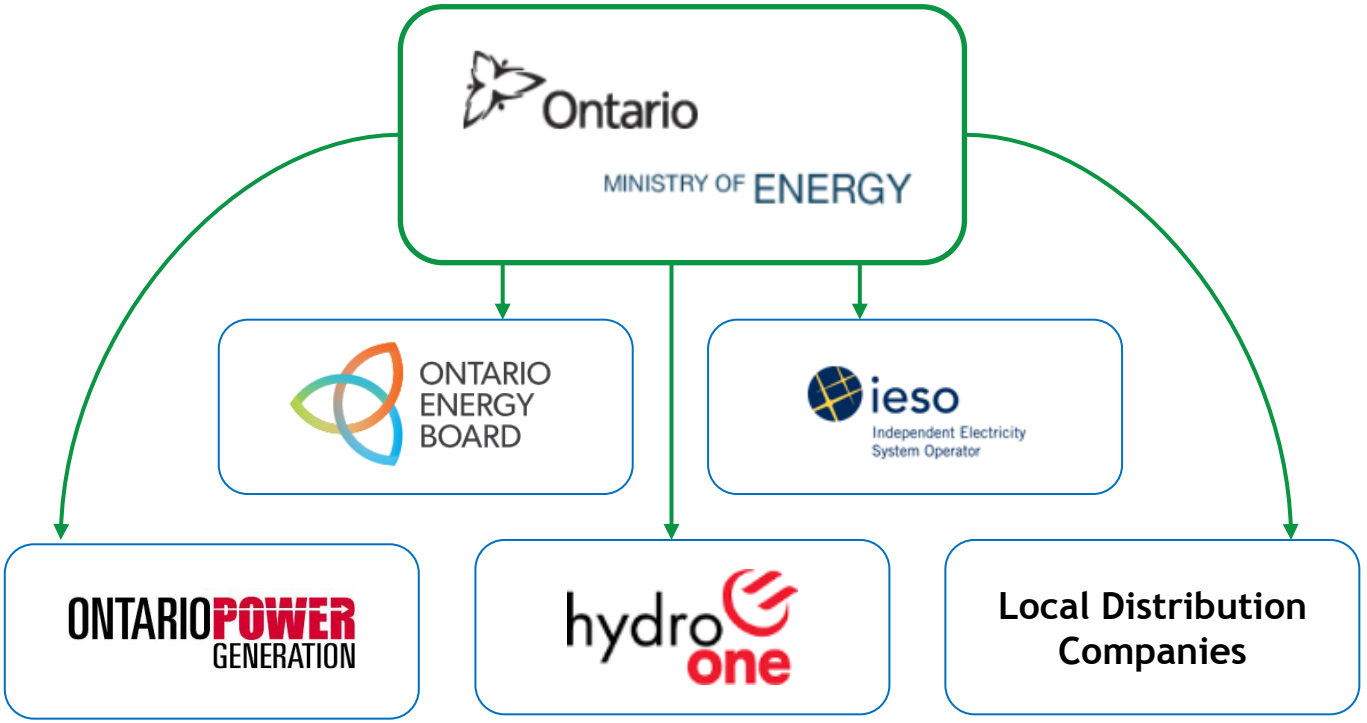

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets policy for the electricity system
Ontario Energy Board	--	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan (RPP); RPP rates are set twice a year (May and November)
ieso Independent Electricity System Operator	**A(h) / -- / Aa2**	• Corporation without share capital established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing approximately half of the province's electricity
Hydro One	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations. The majority of LDCs continue to be municipally-owned, while others have been acquired by Hydro One or private-sector owners
- An LDC, referenced as an Electricity Vendor in the FHPA, is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Total Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Total Revenue *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	**$13,680**
Percentage of Residential & Small Commercial[2]		**69%**	

[1] Source: OEB 2016 Yearbook of Electricity Distributors
[2] Small Commercial includes General Service <50kW Customers
[3] Most recent rating reports from S&P, DBRS and Moody's
[4] Residential and Small Commercial customers

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment) and records this amount, together with financing and other related costs, in a variance account
- FHT will finance the shortfall and is entitled to recover its costs and the principal and interest on its debt through CEAs from Specified Consumers

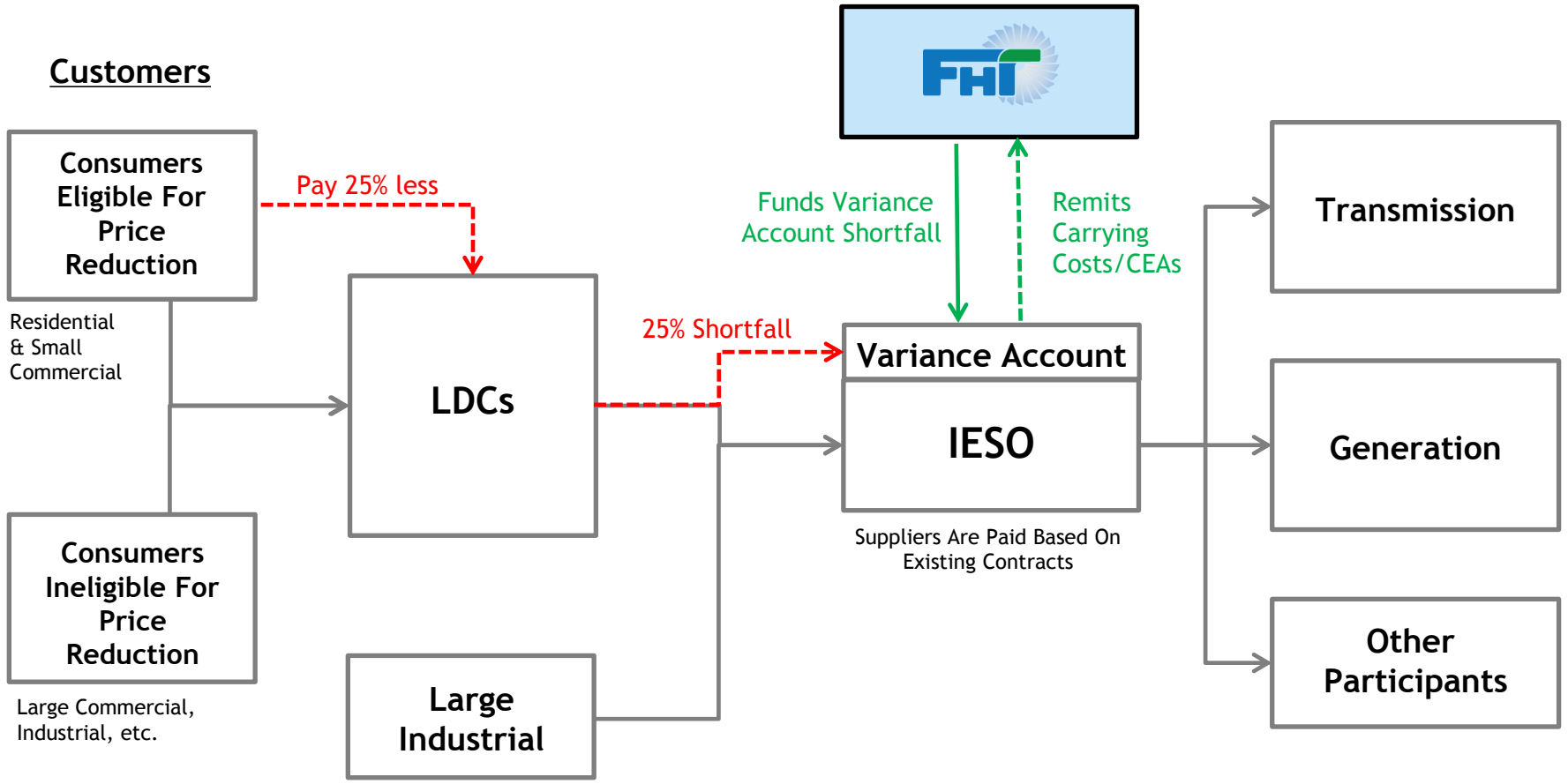

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017 - April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018 - April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019 - April 30, 2021** - rate reductions will be established by future regulation but anticipated to increase by the rate of inflation in Ontario

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines the IESO deferral (the shortfall that results from the Fair Adjustment) and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the Regulatory Asset) • The IESO may from time to time transfer a specified portion of the Regulatory Asset to the Trust for a cash purchase price equal to the corresponding amount recorded in the variance account
Investment Asset	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an "Investment Interest") • By acquiring an Investment Interest, the Trust will be entitled to recover all of its associated financing costs and acquires the right to collect, receive and recover CEAs from Specified Consumers in accordance with the Act
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are not permitted to be collected from Specified Consumers during this period • The IESO is obligated to pay the Trust all Carrying Costs, excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion credit facility from the Ontario Financing Authority (OFA) which can be used, among other things, to fund payments of the Carrying Costs

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the cost of the IESO deferral and the associated costs of the financing, including payment of principal, operating costs of the Trust and funding of reserve accounts
- CEAs shown on an invoice issued to Specified Consumers represent the amount of the consumers' indebtedness and may not be set off or bypassed

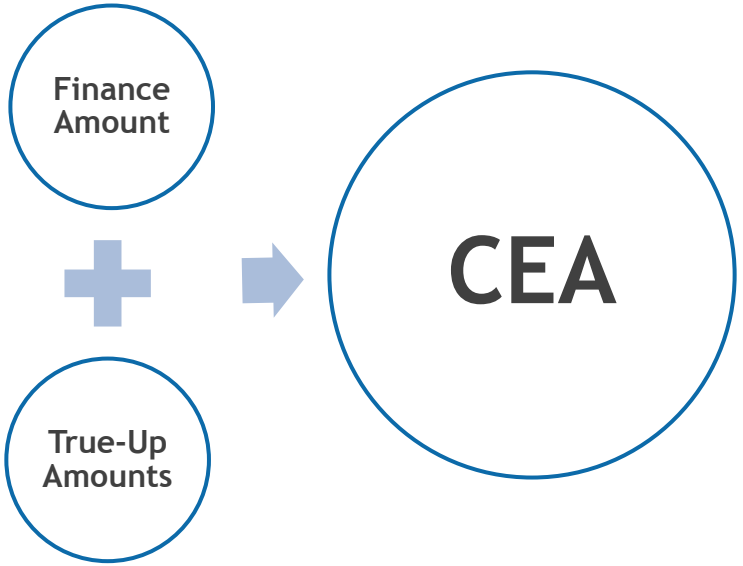

Finance amount is an estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other reasonably foreseeable differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the obligations of the IESO under the Master Transfer & Servicing Agreement, and the ability to include amounts in the CEA by means of the true up mechanism
- IESO is required to separate the CEAs during a monthly period before remitting to FHT. If the IESO's credit rating is downgraded below investment grade, the IESO will be required to remit within two business days of receipt

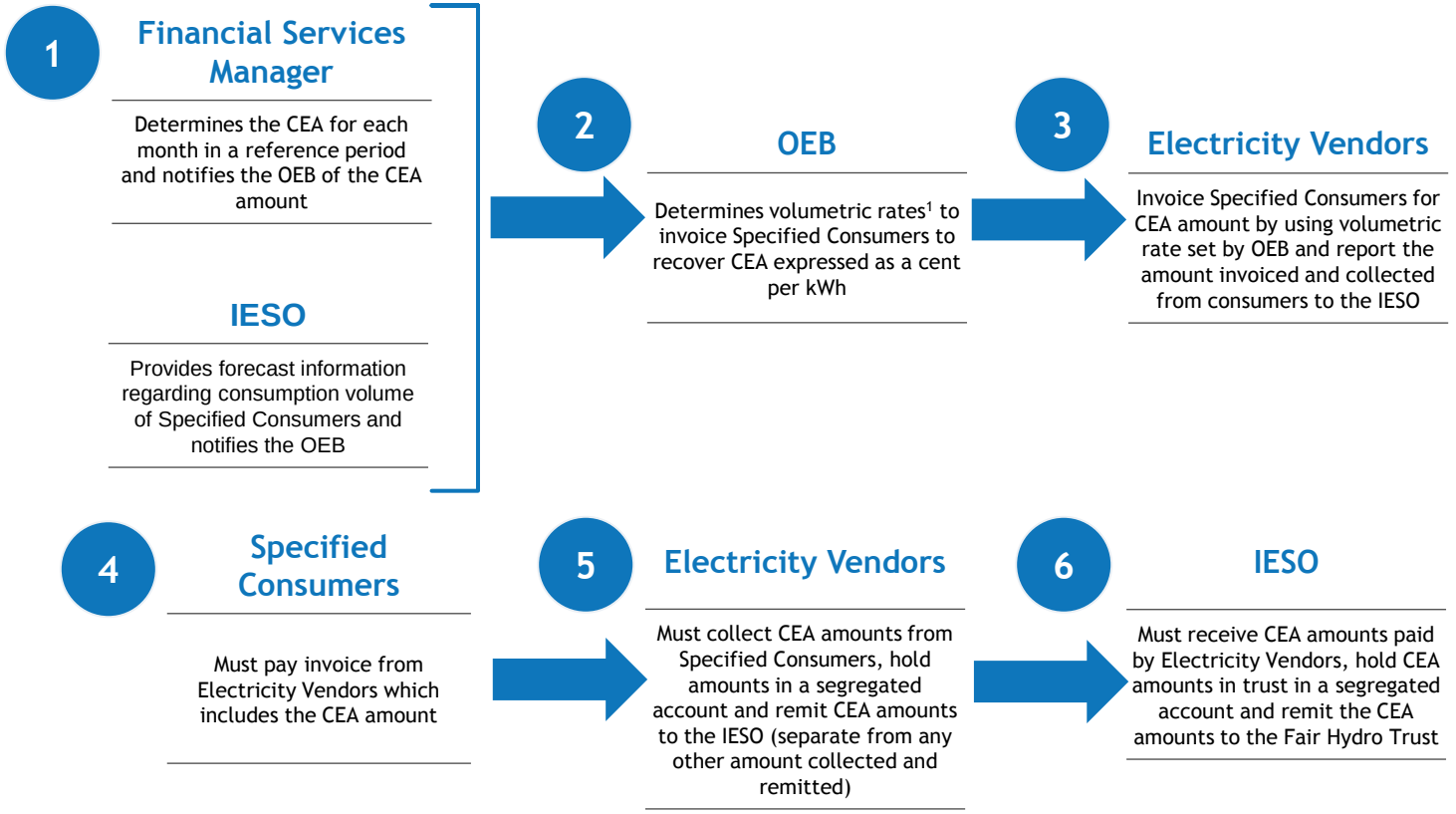

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

Fair Allocation Amount

- The Fair Allocation Amount ("FAA") is an amount calculated under the FHPA by the Minister of Energy in respect of each reference period that, among other things, allocates the estimated value of clean energy costs in proportion to the relative attribution of the value of clean energy benefits among Specified Consumers

Fair Allocation Amount ($ million)

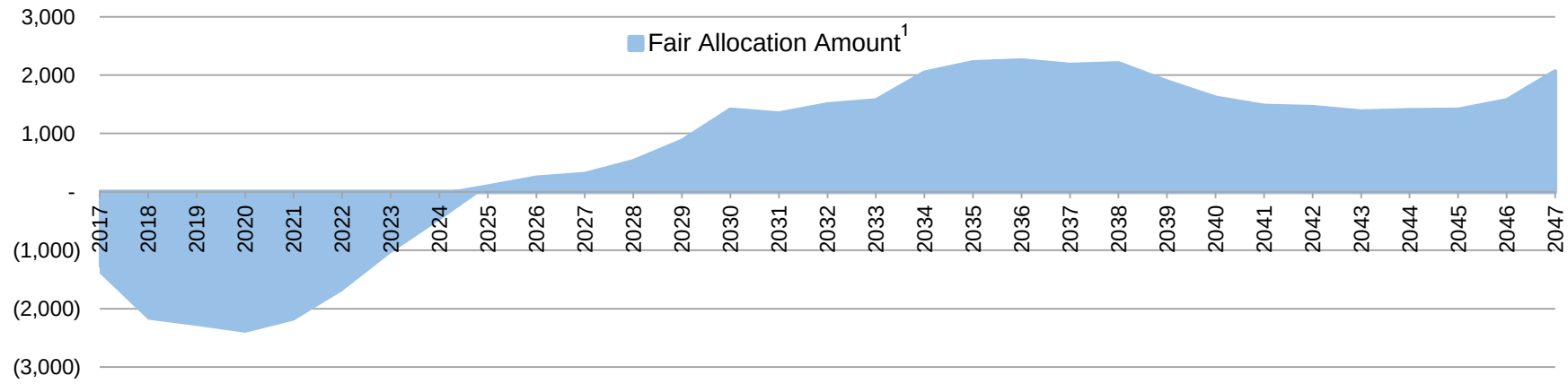

Principal Repayment Profile (derived from the FAA)

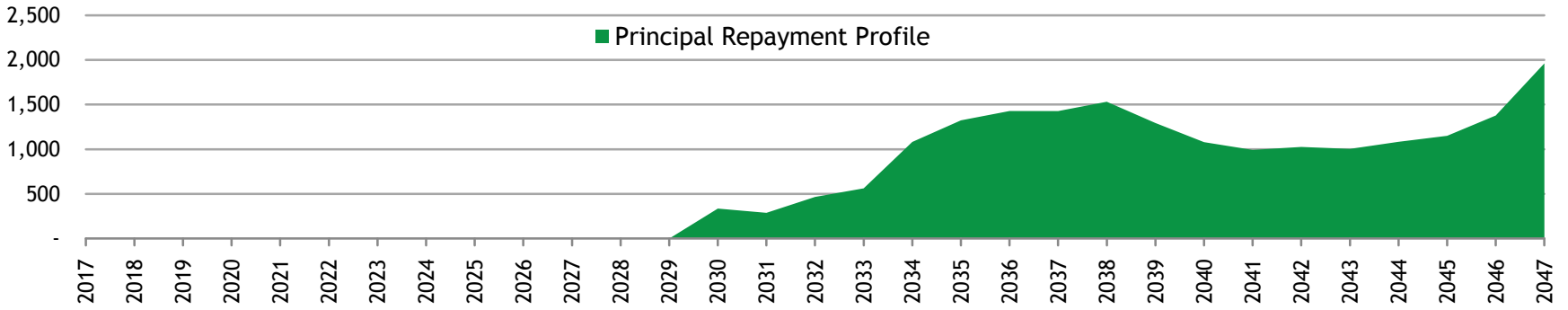

[1] Prior to 2025, the above graph of the FAA incorporates the Readjustment Amount. The Readjustment Amount represents the estimated amounts by which Specified Consumers overpaid for clean energy initiatives in the past. It has been incorporated into the FAA to further reduce electricity bills for such consumers.

IV. Contractual Framework

Simplified Contractual Structure

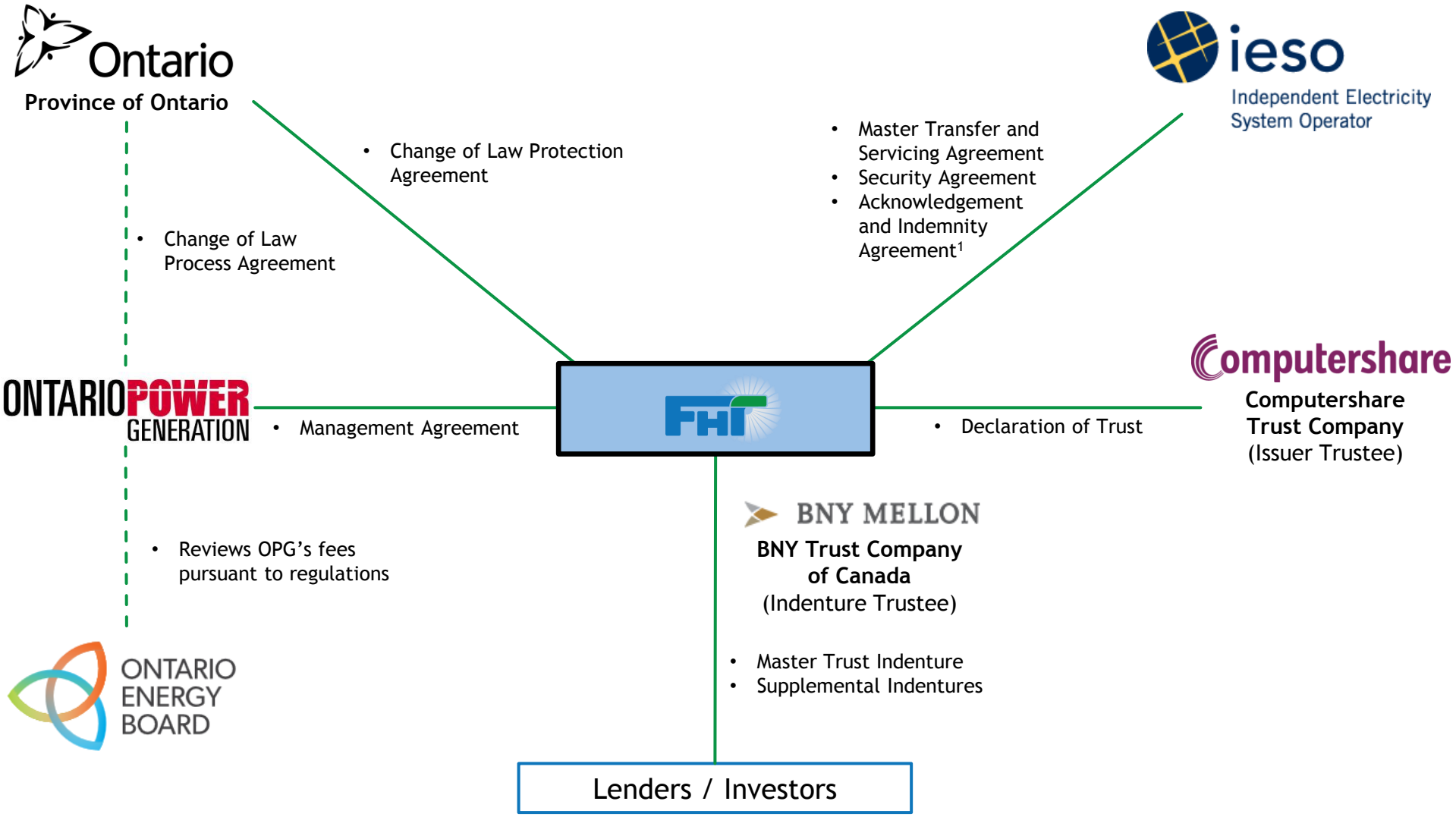

[1] Agreement between IESO and Indenture Trustee.

Contract Highlights

Key Agreements

Change of Law Protection Agreement	• Provides assurance to Specified Creditors[1] that upon the occurrence of a Protection Event that adversely affects the ability of the Trust to pay its obligations when due and payable, the Province of Ontario is required to make payments in respect of all Approved Obligations • OPG as FSM is required to comply with certain conditions prior to the issuance of debt which is to benefit from the Change of Law Protection Agreement
Master Transfer and Servicing Agreement	• Provides for the transfer, by the IESO to the Trust of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest • The IESO will be responsible to for servicing the Investment Interest, including receiving CEA amounts from Electricity Vendors and remitting to the Trust
Management Agreement	• Issuer Trustee delegates to OPG, as Manager under the Management Agreement, all powers and duties of managing the Trust • The Manager will determine how and when to incur funding obligations to acquire Investment Interests

Note: Additional information on these key agreements can be found in the Appendix.

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Contract Highlights

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulation to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated all of the powers and duties of managing the Trust to OPG under the Management Agreement

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	✔		
Determination of CEA for a Reference Period, including the True-Up Amount	✔		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	✔		
Management of Ongoing Debt Issuances	✔		
Cash Management	✔	✔	
Preparation of Monthly Servicer Reports		✔	
Remittance of CEA to IESO and to the Trust		✔	✔
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		✔	✔
Customer Billing			✔
Customer Collections			✔
Customer Meter Reading			✔

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program
- Given the size (~$20 billion) and longevity (~10 years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Warehouse financing (ABCP conduit and bank funded senior debt) and subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly Regulatory Asset purchases from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Warehouse Financing	• ABCP conduit and bank funded senior debt with subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated debt and junior subordinated debt funded by OPG • Both Canadian term debt and U.S. term debt market will be considered • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) • FHT may issue debt that may be refinanced in the future
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required[1]) will be purchased by OPG, primarily funded by equity injections from the Province (44% of 49%) and the remaining portion from OPG (5% of 49%)

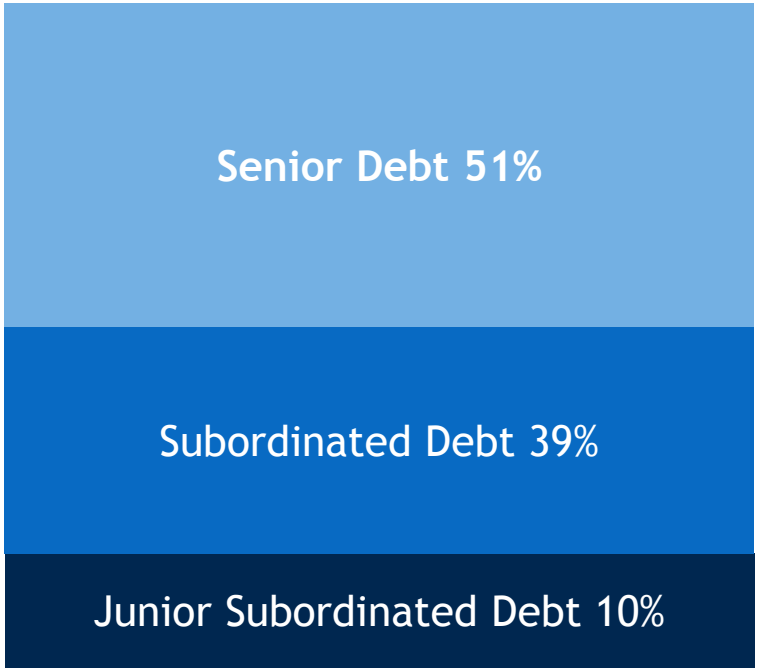

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% subordinated debt.

[1] Under the MTI, FHT is required at all times to ensure that all outstanding subordinated and junior subordinated debt be not less than 35% of all outstanding debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount and the Province's electricity bill reduction targets, the following debt profile for the program is expected, peaking at just under $20 billion by 2029
- Various tranches of debt will be issued periodically during the period of 2018 - 2028, which are expected to mature over a period after 2029

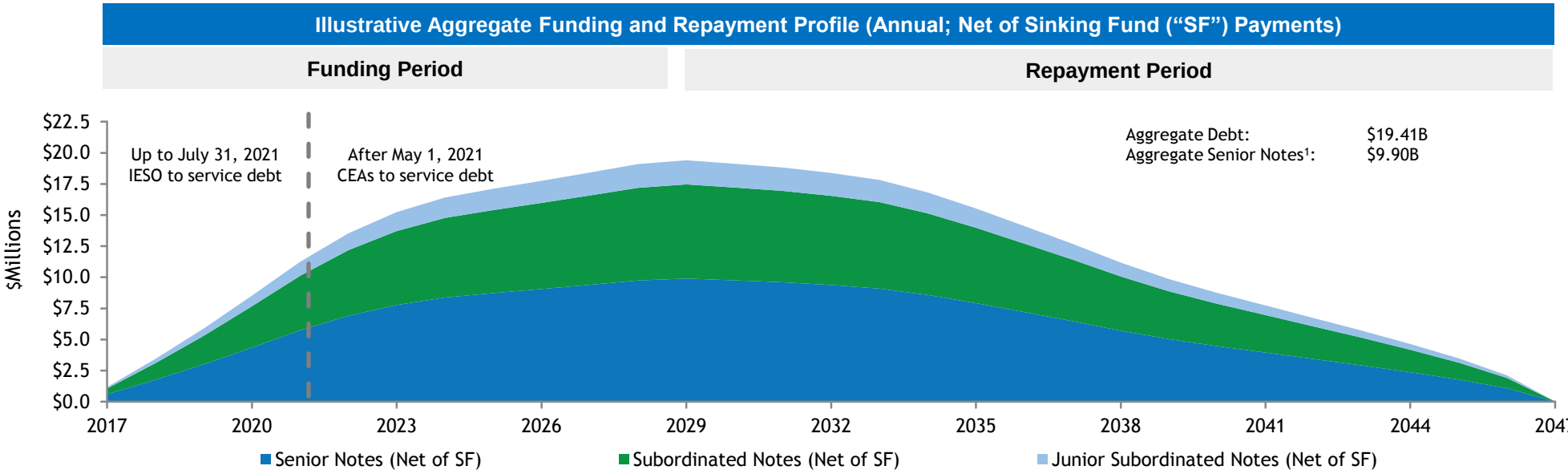

[1] Assumes 51% Senior Notes

Note: During the Moratorium Period and extending three additional months to July 31, 2021, the IESO is required under the Regulations to pay all Carrying Costs. The additional three month period is intended to cover the billing and collection lag from the introduction of Clean Energy Adjustments in May 2021.

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill
- Max CEA as a percent of the total bill is forecast to be 10.0%
- Average CEA as a percent of the total bill is forecast to be 6.9%

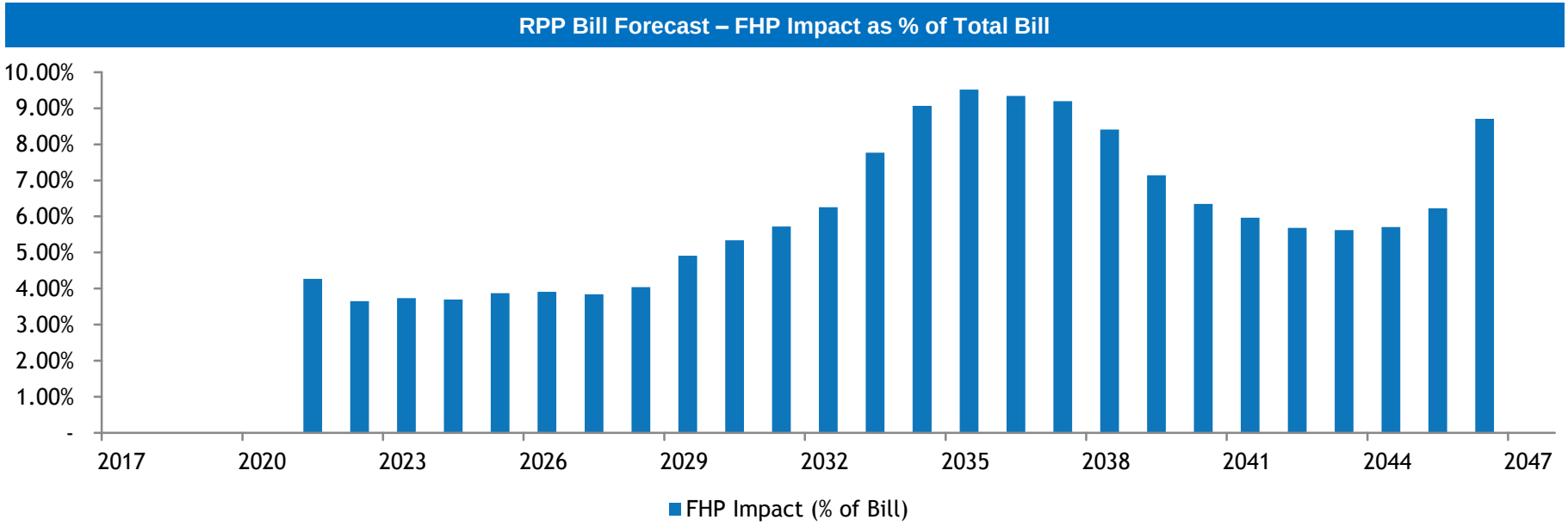

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments including: – Note issuances under supplemental indentures – Borrowings under credit agreements – Purchase of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations – (i) senior – (ii) subordinated – (iii) junior subordinated
Events of Default	• Includes payment and senior defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped under the Regulation at the otherwise scheduled amounts, plus an additional amount if the aggregate of those otherwise scheduled amounts would be less than the FAA for the period • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness. Accordingly, the subordination of debt across all series of debt should advance the repayment of the principal amount for senior funding obligations • After an acceleration, all Senior Term Notes will be paid pari-passu

Waterfall

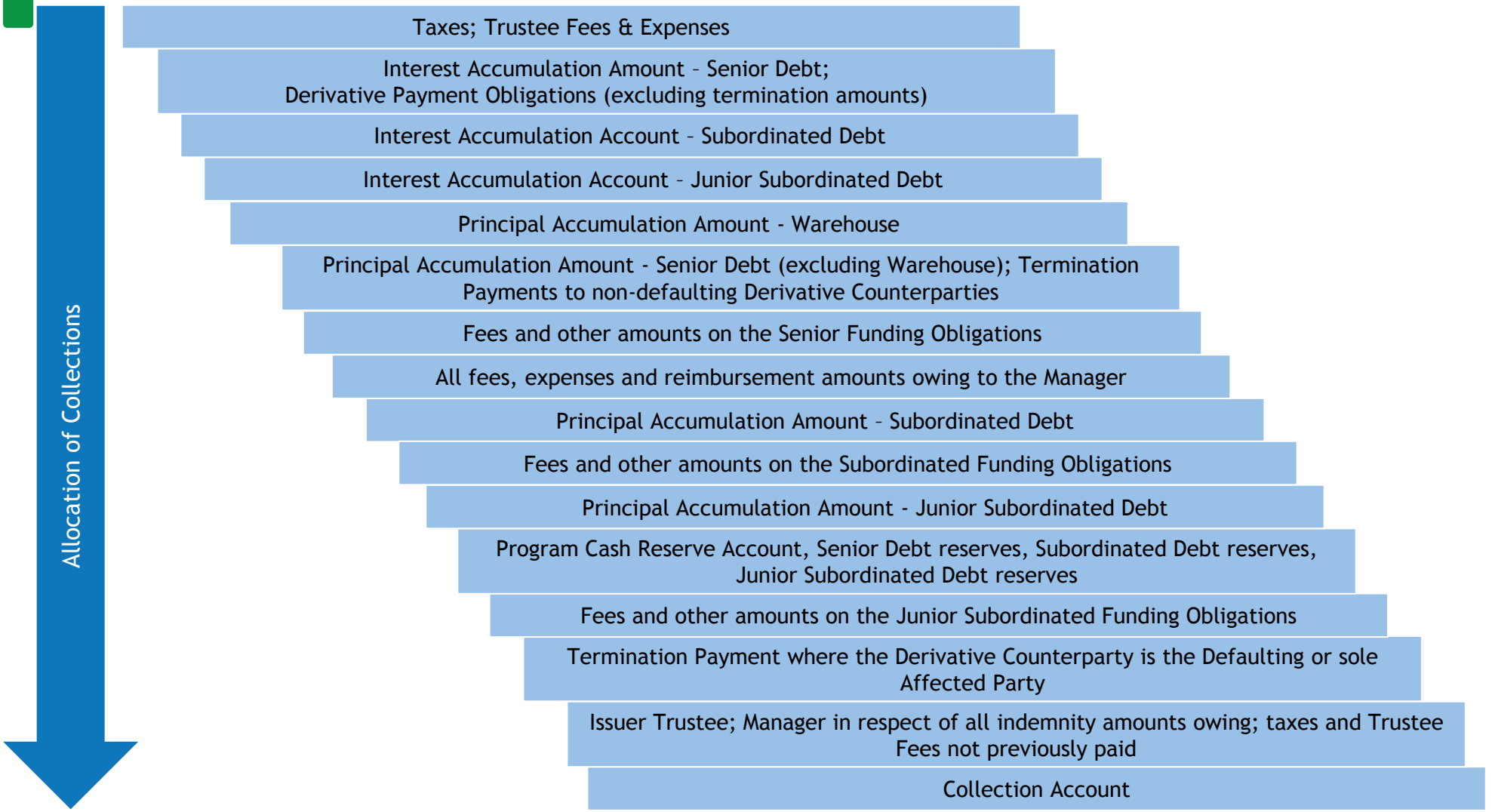

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.
Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in favour of the Indenture Trustee for lenders/investors in these circumstances
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True up mechanism may result in a delay, but will be corrected in next True up • Cash reserve and 35%-49% subordination which would first absorb any shortfalls • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• During the Moratorium Period, the Trust is dependent on the IESO to remit payments to the Trust for all Carrying Costs • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and very low losses and grants security over its accounts receivable owed by Electricity Vendors as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment • $2 billion credit facility from the OFA which can be used by the IESO to pay the Carrying Costs
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill over the collection period is forecast to be 10%
Disruptive Technology Risk / Change in Demographics	• Technological developments may result in reduced CEA payments as a result of increased use of alternative energy sources • Population fluctuations may result in fewer Specified Consumers	• True-up mechanism available to offset the reduction in CEAs due to technological advancements or fluctuations in the number of Specified Consumers • Collection shortfalls are allocated among a large base of Specified Consumers

VII. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Term Issuance	**Class**	**Size**	**% of Trust**	**Expected Maturity**	**Principal Payment Default Date**	**Rating (DBRS / Moody's)**
	Senior Term Notes	$[●]MM	51%	May 15, 2033	May 15, 2035	AAA (sf) / Aa2 (sf)
	Subordinated Notes	$[●]MM (Not Offered)	39%	May 15, 2033	May 15, 2035	[●]
	Jr. Subordinated Notes	$[●]MM (Not Offered)	10%	May 15, 2033	May 15, 2035	[●]
Issuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances (not including principal) from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from residential and small commercial customers in Ontario, related collections and reserve accounts (After May 1, 2021)					
Payment Frequency	Semi-annual					
Principal Accumulation	Principal will be accumulated monthly commencing January 2030 to facilitate repayment of notes on the expected maturity date					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual (or more frequent) True-up • Reserve Account • Subordination					
Program Cash Reserve Account	After Moratorium period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post-moratorium period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					
Additional Issuance	Master Trust Indenture allows for the issuance of additional notes subject to satisfaction of Rating Agency Condition					

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & non-bypassable rate payer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers
- Robust true-up mechanism
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong ratepayer base in Ontario

Appendix – Key Agreement Summaries

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee as Trustee of the Issuer, on behalf of Specified Creditors[1], and (3) OPG as Financial Services Manager (FSM)
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event referred to below, the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding • **Mandatory Payment**: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called an "Approved Obligation") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other Program Breach or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a Change of Law Process Agreement between OPG and the Province. Any new funding obligations that are incurred during a suspension period will not have the benefit of the Limited Guarantee, except that the Change of Law Protection Agreement applies to post-suspension refinancing of previously issued Approved Obligations

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

The occurrence of any of the following events:

(1)

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "Regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province

in each case that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount; or

(2)

- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable

Key Agreements

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to the Trust of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest and describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the legislation, including receiving CEA amounts from Electricity Vendors and remitting the same to the Trust; other duties of the IESO include: – Establishing a segregated account for collecting CEAs and using commerciably reasonable efforts to cause Electricity Vendors to do the same; – Receiving CEAs from Electricity Vendors; – Remitting CEAs monthly to the Trust (unless downgraded below investment grade in which case it will remit daily); – Preparing monthly servicer reports; and – Providing a forecast of electricity consumption of Specified Consumers • **Moratorium Period:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, on behalf of specified creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – Paying taxes on behalf of the Trust • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

From:	Saulnier, Brett
To:	VINER, JON; Thouin, Alena (ENERGY); Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mike Manning; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Mark Donaldson (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan; Huang, Jackson (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); Gadi Mayman
Cc:	LEE John -TREASURY; "ken.ryfa@opg.com"; WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Mansoori, Nina; Ramchandani, Rima; Feldman, Michael
Subject:	RE: Fair Hydro Trust - Disclosure Documents
Date:	Wednesday, January 17, 2018 1:33:56 AM
Attachments:	Series 2018-1 Senior Notes Term Sheet (Fair Hydro Trust).docx Blackline_Series 2018-1 Senior Notes Term Sheet (Fair Hydro Trust).pdf Fair Hydro Trust - Confidential Offering Memorandum.docx Blackline_Fair Hydro Trust - Confidential Offering Memorandum.pdf

All,

Please find attached revised versions of the Offering Memorandum and Term Sheet. We have accepted the majority of the Province's comments where appropriate and I have included blacklines of each document against the version circulated by Jon below. The attached also reflect comments received from the IESO and some additional clean-up changes made since the documents were provided to the Province on January 5.

In the interest of time, we are circulating these drafts to all parties concurrently. Accordingly, they remain subject to review and comment by OPG, IESO, the dealers and their respective counsel.

Thanks,
Brett

Brett Saulnier

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From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: January-16-18 10:48 AM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
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Rehob (ENERGY) <James.Rehob@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>
Subject: Fair Hydro Trust - Disclosure Documents

All,

Please find attached the Province's comments on the offering memorandum, investor presentation and term sheet. We do not have comments on the additional documents circulated on January 5th.

Please let us know if you would like to discuss.

Kind regards,
Jon

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DRAFT: January 17, 2018

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ●, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Capital Markets Platform" and "Description of Notes" sections of the confidential shelf offering memorandum which contain a more detailed description of certain terms of the Series 2018-1 Senior Notes and the trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture (the "Series 2018-1 Senior Supplemental Indenture") pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January ●, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, Series 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Expected Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●[(1)]
Term:	● years
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●% per annum (the "**Series 2018-1 Interest Rate**")
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps curve adjustment and +● bps curve delay adjustment, both versus the CAN ●% due ● (priced at $● to yield ●%)

(1) The Issuer may offer and sell Series 2018-1 Senior Notes having a principal amount greater than the amount shown above. In that event, the Principal Accumulation Amounts, the principal amounts of the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes and the use of proceeds amount will be increased proportionately.

Issue Yield:	●%
Issue Price:	$● per $1,000 principal amount of Series 2018-1 Senior Notes.
Agents Commission:	$● per $1,000 principal amount of Series 2018-1 Senior Notes sold (payable from existing cash resources of the Issuer)
Interest Payment Dates:	The Interest Payment Dates for the Series 2018-1 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event, interest on the Series 2018-1 Senior Notes shall be payable in equal (except the first interest payment) semi-annual instalments in arrears on April 15 and October 15 of each year, commencing April 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Senior Notes on each Payment Date thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event, the first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes. If an Interest Payment Date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis. The record date for each Interest Payment Date is the last day of the calendar month preceding such Interest Payment Date. "**Amortization Event**" means either (i) an Acceleration Event has occurred with respect to the Series 2018-1 Senior Notes, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes has not been paid in full on the Expected Principal Payment Date (as defined below). An "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the Master Trust Indenture, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes and all interest thereon is declared due and payable in accordance with the Indenture as a result of the occurrence of a Series 2018-1 Event of Default (as defined below).
Principal Payment Dates and Principal Payment Amount:	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on ● 15, 20● (such Payment Date, the "**Expected Principal Payment Date**"). Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date in respect of the Series 2018-1 Senior Notes and the then outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date.
Principal Payment Default Date:	●, 20●

Principal Accumulation Amounts: Subject to the occurrence of an Amortization Event, the Series 2018-1 Senior Notes shall have the following Principal Accumulation Amounts on the Payment Dates set out below:

Payment Date	Principal Accumulation Amounts
●, 20●	$●
●, 20●	$●
●, 20●	$●
●, 20●	$●

Following the occurrence of an Amortization Event, the Principal Accumulation Amount with respect to each Payment Date thereafter shall be an amount equal to the outstanding principal amount of the Series 2018-1 Senior Notes.

Subordination: Concurrent with the issuance of the Series 2018-1 Senior Notes, OPG will subscribe for (i) **$●** of ●% subordinated notes due ●, Series 2018-1 (the "**Series 2018-1 Subordinated Notes**"); and (ii) $● of ●% junior subordinated notes due ●, Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**"). The Series 2018-1 Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations), and the Series 2018-1 Junior Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations) and the Series 2018-1 Subordinated Notes (and all other Subordinated Funding Obligations), in each case in the manner described in the confidential shelf offering memorandum under the heading "*Capital Markets Platform – Subordination Provisions*".

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means ●, 20●.

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus ●% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption),

such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

Limited Recourse: The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

Use of Proceeds: The proceeds from the Series 2018-1 Senior Notes Offering will be used to refinance $● of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement. See *"Consolidated Capitalization"*.

Ranking: Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.

Change of Law Protection Agreement: The Series 2018-1 Senior Notes are Approved Obligations under the Change of Law Protection Agreement.

Series 2018-1 Events of Default: In addition to the Events of Default contained in the Master Trust Indenture and described in the confidential shelf offering memorandum, each of the following events constitute a "**Series 2018-1 Events of Default**":

(a) failure to pay interest on the Series 2018-1 Senior Notes when due, subject to a 5-day cure period;

(b) failure to pay principal on the Principal Payment Default Date for the Series 2018-1 Senior Notes;

(c) breach of representation or warranty in the Series 2018-1 Senior Supplemental Indenture applicable to the Series 2018-1 Senior Notes, subject to materiality requirements and a 60-day cure period;

(d) breach of a covenant in the Series 2018-1 Senior Supplemental Indenture, subject to materiality requirements and a 60-day cure period; and

(e) an event occurs and as a result thereof, all or any portion of the principal amount of any other Senior Funding Obligation has been accelerated.

Acceleration upon a Series 2018-1 Event of Default:	Upon the occurrence of a Series 2018-1 Event of Default, the holders of Series 2018-1 Senior Notes may, by Ordinary Resolution, declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Senior Notes to be immediately due and payable, whether or not all Issuer Funding Obligations have been accelerated pursuant to the Master Trust Indenture. For a discussion of the consequences of such declaration, see the confidential shelf offering memorandum "*Capital Markets Platform – Acceleration and Remedies*" and "*Risk Factors – If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected*".
Rating Agency Condition:	"**Rating Agency Condition**" means with respect to any action in respect of the Series 2018-1 Senior Notes subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 business days prior to the effective date of such action (or if 10 business days prior notice is impractical, such advance notice as is practicable) and (i) the Rating Agencies shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, DBRS shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	**[CIBC World Markets Inc., Goldman Sachs Canada Inc., RBC Dominion Securities Inc. (as co-leads and co-bookrunners)]**, ●, ●, and ●.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a

lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017. ***[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]***

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	$●
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	$1,179,000,000.00[(2)]	$●
Bank indebtedness……..	Nil	$●
Total Debt……	$1,179,000,000.00[(2)]	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	$1,179,010,000.01[(2)]	$●

(2) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000, or 10% of all short term debt, represented by Junior Subordinated Notes, Series 2017-1 held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On October 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, 2018, the Issuer had approximately $● outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' commission payable by the Issuer.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ●, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the ***"Capital Markets Platform" and*** *"Description of Notes"* ~~*section*~~***sections*** *of the confidential shelf offering memorandum which* ~~*contains*~~***contain*** *a more detailed description of certain terms of the Series 2018-1 Senior Notes and the* ~~*master*~~ *trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture* ***(the "Series 2018-1 Senior Supplemental Indenture")*** *pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.*

New Issue by Way of Private Placement *January ●, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, Series 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust ~~governed by~~**established under** the laws of the Province of Ontario.
Issue:	●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Expected Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$● **(1)**
Term:	● years[1]
Launch Date:	●, 2018
Pricing Date:	●, 2018

[1] ~~Please confirm if a single principal payment date is contemplated. Does this need to be reconciled with the "legal final maturity date" concept?~~

Settlement Date:	●, 2018 (T+3)
Interest Rate:	●% **per annum (the "Series 2018-1 Interest Rate")**
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● ~~+● bps (including a~~ ● bps curve adjustment~~)~~ **and +● bps curve delay adjustment, both** versus the CAN ●% due ● (priced at $● to yield ●%)

(1) The Issuer may offer and sell Series 2018-1 Senior Notes having a principal amount greater than the amount shown above. In that event, the Principal Accumulation Amounts, the principal amounts of the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes and the use of proceeds amount will be increased proportionately.

Issue Yield:	●%
Issue Price:	$● ~~for each~~**per** $1,000 principal amount of Series 2018-1 Senior Notes ~~sold~~.
Agents Commission:	$● **per $1,000 principal amount of Series 2018-1 Senior Notes sold (payable from existing cash resources of the Issuer)**
~~**Net Proceeds:**~~	~~$●~~
Interest Payment Dates:	~~Interest~~**The Interest Payment Dates** for the Series 2018-1 Senior Notes **are as follows: (i) prior to the occurrence of an Amortization Event, interest** on the Series 2018-1 Senior Notes shall be payable in equal (except the ~~initial~~**first** interest payment) semi-annual instalments in arrears on April 15 and October 15 of each year, commencing April 15, 2018 (short first coupon)**; and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Senior Notes on each Payment Date thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Interest Rate, multiplied by such outstanding principal amount and divided by two**. The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first ~~interest payment date for the Series 2018-1 Senior Notes.~~ ~~The~~**Interest Payment Date. Subject to the occurrence of an Acceleration Event, the** first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes. If an ~~interest payment date~~**Interest Payment Date** is not a business day in

Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis. **The record date for each Interest Payment Date is the last day of the calendar month preceding such Interest Payment Date.**

"Amortization Event" means either (i) an Acceleration Event has occurred with respect to the Series 2018-1 Senior Notes, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes has not been paid in full on the Expected Principal Payment Date (as defined below). An "Acceleration Event" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the Master Trust Indenture, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes and all interest thereon is declared due and payable in accordance with the Indenture as a result of the occurrence of a Series 2018-1 Event of Default (as defined below).

~~**Principal Accumulation Date(s) and Principal Accumulation Amount(s):**~~

~~Principal Accumulation Dates~~	~~Principal Accumulation Amounts~~
~~●, 20●~~	~~$●~~

Principal Payment ~~Date(s)~~Dates and Principal Payment Amount~~(s)~~:

~~Principal Payment Date~~	~~Principal Payment Amount~~
~~●, 20●~~	~~$●~~

Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on ● 15, 20● (such Payment Date, the "Expected Principal Payment Date"). Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date in respect of the Series 2018-1 Senior Notes and the then outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date.

Principal Payment Default Date: ●, 20●

Principal Accumulation Amounts: **Subject to the occurrence of an Amortization Event, the Series 2018-1 Senior Notes shall have the following Principal Accumulation Amounts on the Payment Dates set out below:**

Payment Date	Principal Accumulation Amounts
●, 20●	$●
●, 20●	$●
●, 20●	$●
●, 20●	$●

Following the occurrence of an Amortization Event, the Principal Accumulation Amount with respect to each Payment Date thereafter shall be an amount equal to the outstanding principal amount of the Series 2018-1 Senior Notes.

Subordination:	**Concurrent with the issuance of the Series 2018-1 Senior Notes, OPG will subscribe for (i) $● of ●% subordinated notes due ●, Series 2018-1 (the "Series 2018-1 Subordinated Notes"); and (ii) $● of ●% junior subordinated notes due ●, Series 2018-1 (the "Series 2018-1 Junior Subordinated Notes"). The Series 2018-1 Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations), and the Series 2018-1 Junior Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations) and the Series 2018-1 Subordinated Notes (and all other Subordinated Funding Obligations), in each case in the manner described in the confidential shelf offering memorandum under the heading "*Capital Markets Platform – Subordination Provisions*".**
Optional Redemption:	The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means ●, 20●. "**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third ~~Business Day~~**business day** preceding the date of redemption, plus ●% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to~~, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to,~~ **the remaining term to** the Par Call Date (calculated from the date of redemption), such yield being ~~expressed as a per annum rate equal to~~ the average of the ~~per annum~~ yields provided by two major Canadian investment dealers specified by the Issuer.
Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to

	provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.
Use of Proceeds:	The ~~net~~ proceeds from the Series 2018-1 Senior Notes Offering will be used ~~as follows: [(i)~~ to refinance $● of indebtedness of the Issuer ~~originally~~previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement~~ and (ii) to pay the Series 2018-1 Senior Notes Offering and related costs of the Issuer in an approximate amount of $●~~. See *"Consolidated Capitalization"*.~~]~~
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other ~~senior indebtedness~~Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Change of Law Protection Agreement:	The Series 2018-1 Senior Notes are Approved Obligations under the Change of Law Protection Agreement.
Series 2018-1 Events of Default:	In addition to the Events of Default contained in the Master Trust Indenture and described in the confidential shelf offering memorandum, each of the following events constitute a "Series 2018-1 Events of Default": (a) failure to pay interest on the Series 2018-1 Senior Notes when due, subject to a 5-day cure period; (b) failure to pay principal on the Principal Payment Default Date for the Series 2018-1 Senior Notes; (c) breach of representation or warranty in the Series 2018-1 Senior Supplemental Indenture applicable to the Series 2018-1 Senior Notes, subject to materiality requirements and a 60-day cure period; (d) breach of a covenant in the Series 2018-1 Senior Supplemental Indenture, subject to materiality requirements and a 60-day cure period; and (e) an event occurs and as a result thereof, all or any portion of the principal amount of any other Senior Funding Obligation has been accelerated.
Acceleration upon a Series 2018-1 Event of Default:	Upon the occurrence of a Series 2018-1 Event of Default, the holders of Series 2018-1 Senior Notes may, by Ordinary Resolution, declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Senior Notes to be immediately due and payable, whether or not all Issuer Funding Obligations have been accelerated pursuant to the Master

	Trust Indenture. For a discussion of the consequences of such declaration, see the confidential shelf offering memorandum "*Capital Markets Platform – Acceleration and Remedies*" and "*Risk Factors – If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected*".
Rating Agency Condition:	**"Rating Agency Condition" means with respect to any action in respect of the Series 2018-1 Senior Notes subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 business days prior to the effective date of such action (or if 10 business days prior notice is impractical, such advance notice as is practicable) and (i) the Rating Agencies shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, DBRS shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action.**
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	**[CIBC World Markets Inc., Goldman Sachs Canada Inc., RBC Dominion Securities Inc. (as co-leads and co-bookrunners)]**, ●, ●, and ●.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading

in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer"~~,~~ of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017. ***[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]***

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for~~:(i) $● of ●% subordinated notes due ●~~, the Series 2018-1~~; and(ii) $● of ●% subordinated junior notes due ●~~, Subordinated Notes and the Series 2018-~~1.~~ 1 Junior Subordinated Notes.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	~~Nil~~$●
Debt		
Long-term debt, including current portion……	Nil	$●
Short-term debt……...	$~~[~~1,179,000,000.00~~]~~(~~1~~2)	$~~[1,179,000,000.00]~~●
Bank indebtedness……..	Nil	~~Nil~~$●
Total Debt……	$~~[~~1,179,000,000.00~~]~~(~~1~~2)	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	$~~[~~1,179,010,000.01~~]~~(~~1~~2)	$●

(~~1~~2) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short~~-~~ term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes,

Series 2017-1 held by OPG; and (iii) $~~117,900,000 of which,~~**117,900,000,** or 10% of all short term debt, represented by Junior Subordinated Notes**, Series 2017-1** held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On October 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer"~~,~~ of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, **2018,** the Issuer had approximately $● ~~billion~~ outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' ~~fee~~**commission** payable by the Issuer**.**

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

Document comparison by Workshare Compare on January-17-18 1:03:55 AM

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Moved to	
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Padding cell	

Statistics:	
	Count
Insertions	74
Deletions	68
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	144

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement

January ■, 2018

FAIR HYDRO TRUST

Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (together with the regulations promulgated thereunder, the "**FHPA**"). Under the FHPA, OPG is appointed as financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this

confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended, supplemented, restated or otherwise modified from time to time.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the

investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. An index of defined terms used in this confidential shelf offering memorandum is provided starting on page [104] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 16
ONTARIO'S FAIR HYDRO PLAN 19
CHANGE OF LAW PROTECTION AGREEMENT 25
THE ISSUER 30
THE MANAGER 32
SUBORDINATED DEBT 34
SHORT TERM INDEBTEDNESS 35
THE TRANSFEROR AND SERVICER 36
CREDIT RATINGS 38
RATING AGENCY CONDITION 39
CAPITAL MARKETS PLATFORM 39
DESCRIPTION OF SENIOR NOTES 62
DEPOSITORY SERVICES 65
PLAN OF DISTRIBUTION 67
RISK FACTORS 67
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 79
LANGUAGE OF DOCUMENTS 83
RESTRICTIONS ON RESALE 83
REPORTING REQUIREMENTS 84
STATUTORY RIGHTS OF ACTION 84
INDENTURE TRUSTEE 94
LEGAL MATTERS 94
GLOSSARY 95
INDEX 107
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 110
EXHIBIT 1 – INVESTOR PRESENTATION 111

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*, *"Subordinated Debt"* and *"Risk Factors"* of this confidential shelf offering memorandum and *"Fair Allocation Amount"*, *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"* and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval of all Series.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Power outages could impair payment of the Senior Notes.
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.
- If any Electricity Vendor or the IESO were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against such Electricity Vendor or the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS, AND THEIR RESPECTIVE REPRESENTATIVES, TO WHOM IT IS TRANSMITTED, SOLELY TO ENABLE SUCH PERSONS TO EVALUATE AN INVESTMENT IN THE NOTES DESCRIBED IN THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM. BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective

purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. An index of defined terms used in this summary is provided starting on page [104] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See "*— Change of Law Protection Agreement*".
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "FHPA"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[1] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[2] for that period. Under the FHPA, OPG is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA. See "*Ontario's Fair Hydro Plan — Background*".

[1] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[2] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of Series, in one or several Offerings. A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the Master Trust Indenture, as supplemented by a Supplemental Indenture authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy. The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market. Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from Specified Consumers before May 1, 2021. Pursuant to the Master Transfer and Servicing Agreement, the IESO may, on a monthly basis, offer to Transfer specified portions of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"The Transferor and Servicer"*.
Investment Interest:	Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.
Clean Energy Adjustment:	The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager and will be converted by the OEB into a cent per kWh rate and added to the electricity invoices sent to Specified Consumers. See *"— Statutory Duties of the OEB"* below. The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the

	True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period. The "**True-up Amount**" is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period. Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. Based on the Fair Allocation Amount provided by the Province, from July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.
Non-bypassability:	The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.
Payment of Carrying Costs until July 31, 2021:	The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used to pay the Issuer's Carrying Costs. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest.

As security for the performance of its obligation under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount & Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See "— *Subordinated Debt*" below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's electricity market, including the activities

of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided by the IESO to the OEB. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*The Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA requires Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of all Financing Entities, of which the Issuer is the first, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts and hold such amounts in trust for the benefit of the Financing Entities until remitted to the IESO for the benefit of the Financing Entities (initially, only the Issuer). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required is based on a formula as set out in the Master Transfer and Servicing Agreement and will be equal to: (a) (i) 50% of estimated Clean Energy Adjustment amounts that are to be collected over a twelve-month period by all such non-investment grade rated Electricity Vendors, (ii) multiplied by a fraction equal to 45/365 (representing the 45-day period during which funds are expected to be held by such non-investment grade rated Electricity Vendors prior to being remitted to the Issuer); or (b) such

other lesser amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. See *"The Electricity Industry in Ontario — Key Industry Participants — Ontario Power Generation Inc."* and *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of the Financing Entities (of which the Issuer is currently the only one), to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of the Financing Entities (of which the Issuer is currently the only one) and remit such amounts on a monthly basis, subject to daily remittance being required in certain limited circumstances. Pursuant to the Master Transfer and Servicing Agreement, monthly remittances of amounts received in respect of the Clean Energy Adjustment will occur on the 18th business day of each calendar month. In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts and fulfilling certain additional reporting requirements. Generally, all servicing duties provided by the IESO to the Issuer are provided at no

cost to the Issuer. However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of Notes), although the amount of the Province of Ontario's payment obligations in a particular period may differ depending on whether an Acceleration has occurred. See *"Change of Law Protection Agreement"*. The Issuer and the Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*.

Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or

commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including

Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture (in effect as of the date hereof).

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including all Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding

Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of Clean Energy Costs in proportion to the relative attribution of the value of Clean Energy Benefits among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount

	determined in respect of such Reference Period as of the date the Funding Obligations were incurred. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount. The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.
Subordinated Debt:	Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes. Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest pursuant to the FHPA and the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.

Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering. See "*Capital Markets Platform — Security*".
Priority of Payments:	Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts

available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for Senior Funding Obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for Subordinated Funding Obligations;
- payments of or accumulations in respect of interest for Junior Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Warehouse Obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for Senior Funding Obligations (other than Warehouse Obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on Senior Funding Obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Junior Subordinated Funding Obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for Subordinated Funding Obligations or Junior Subordinated Funding Obligations);
- replenishment of Series Accounts established for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Junior Subordinated Funding Obligations;
- replenishment of Series Accounts established for Junior Subordinated Funding Obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on Senior Funding Obligations and payments under derivative agreements (other than termination payments), *pari passu*,

then Subordinated Funding Obligations (other than principal) and then Junior Subordinated Funding Obligations (other than principal);
- principal for Warehouse Obligations;
- *pari passu*, principal on Senior Funding Obligations (other than Warehouse Obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for Subordinated Funding Obligations and then Junior Subordinated Funding Obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 units of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103).

By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.

Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The following summary of the electricity industry in Ontario does not purport to be comprehensive or definitive. It is a general and high-level overview of the history and manner in which the industry operates, including how real-time energy supply needs are met.

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas and large directly connected consumers; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive wholesale electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of smaller scale wind and solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be scheduled and dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids by domestic loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Most generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to wholesale market settlements that are paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario). The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold the generation assets

of the former Ontario Hydro. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power facility. OPG's mandate is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for a significant portion of the total energy generated and injected into Ontario's electricity transmission system. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for managing the reliability of the provincial transmission system and operating the wholesale electricity markets in Ontario. The OPA was formed to plan the provincial power system and to procure electricity resources. The OPA entered into bilateral power purchase contracts with generators and other electricity resource providers. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors, which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumers' economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or

reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts the flow of funds between the key industry participants:

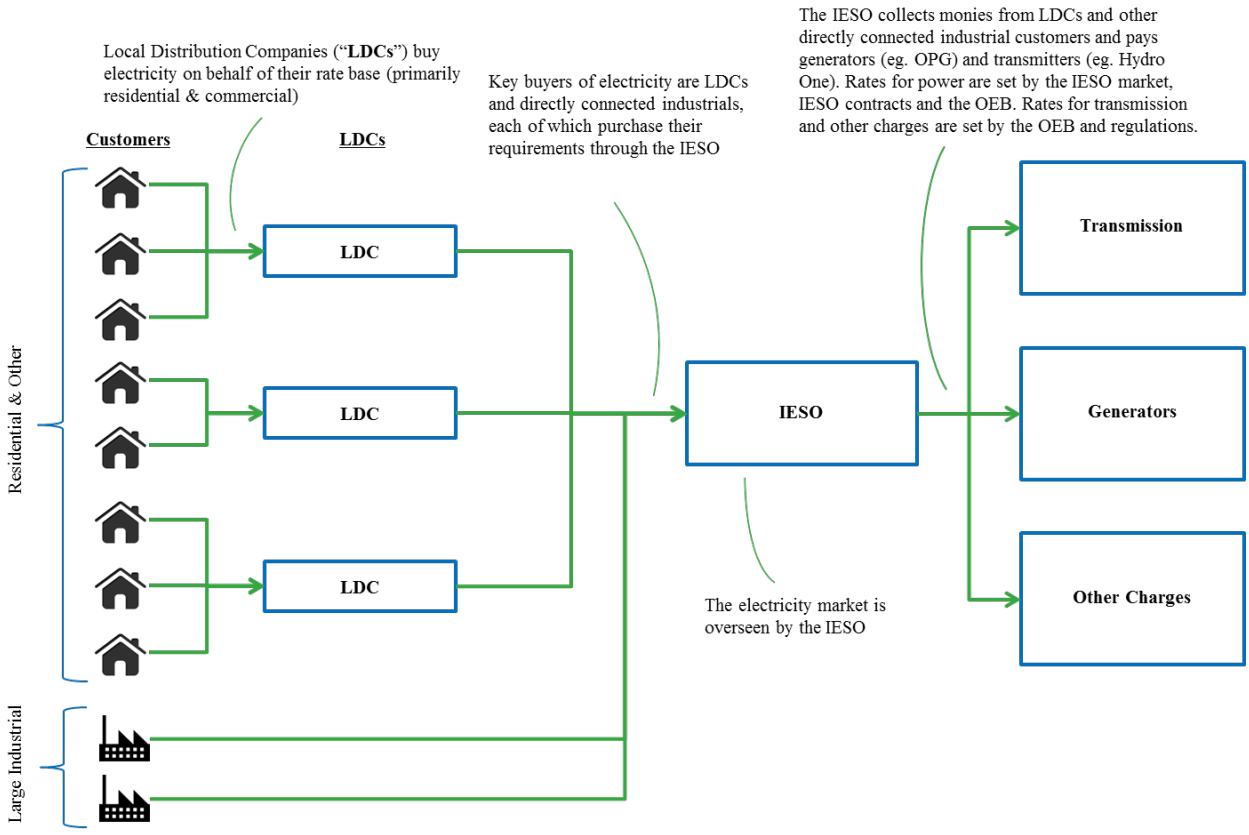

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are main components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is established monthly by the IESO in accordance with regulations and is the amount necessary to pay certain other costs to generators and other suppliers that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to OPG pursuant to OEB-established payment amounts.

Prior to the FHPA being passed, the amount collected generally over an annual basis by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's current payables to generators and other electricity resource suppliers, subject to certain periodic true-ups, fees and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices primarily for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months by the OEB based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the FHPA. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[3] less than the rate that would otherwise have been determined by the OEB for that period absent Ontario's Fair Hydro Plan (such adjustment, together with the further adjustments described below in this section, the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

[3] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, the amounts charged to the IESO by the Issuer in respect of the Carrying Costs of the Issuer [and certain other amounts] ***[NTD: IESO to confirm what other amounts are included]*** in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from Specified Consumers before May 1, 2021. The IESO may, in accordance with the FHPA, Transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover its Finance Amount (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest by accepting a Transfer of the corresponding specified portion of a Regulatory Asset, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the Transfer of a specified portion of the Regulatory Asset from the IESO, such Transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Financing Entities that own an Investment Interest (among other things):

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers to cover the cost of financing the shortfall that results from the Fair Adjustment. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer , or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that are payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a Funding Obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) amounts received during the period in respect of Carrying Costs;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. The True-up Amount is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted

to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period of time by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period based on forecast information provided by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the Financing Entities (of which the Issuer is currently the only one), amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the Financing Entities (of which the Issuer is currently the only one) until remitted to the IESO for the benefit of the Financing Entities (of which the Issuer is currently the only one). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA. If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to the Issuer during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

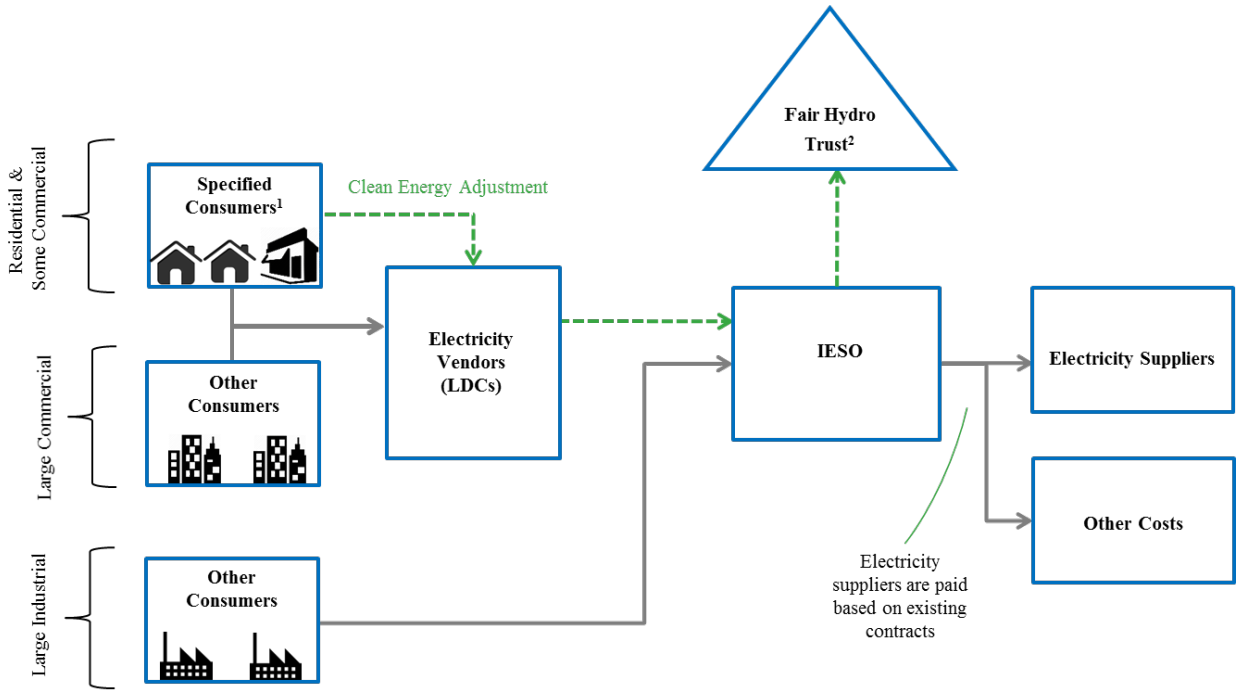

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

[2] Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer for a corresponding purchase price. Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset following payment by the Issuer of the corresponding purchase price, the Issuer will acquire an Investment Interest.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers. Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Payment of Carrying Costs until July 31, 2021

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes). The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest pursuant to the FHPA.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used to pay the Issuer's Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account. The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period, divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Senior Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA or any portion thereof, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking

into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued, provided that for purposes of determining voting rights with respect to Notes, Notes in which the Province of Ontario has an interest will be deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including the Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document to which the Limited Guarantee applies and which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment,

obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Issuer Trustee is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

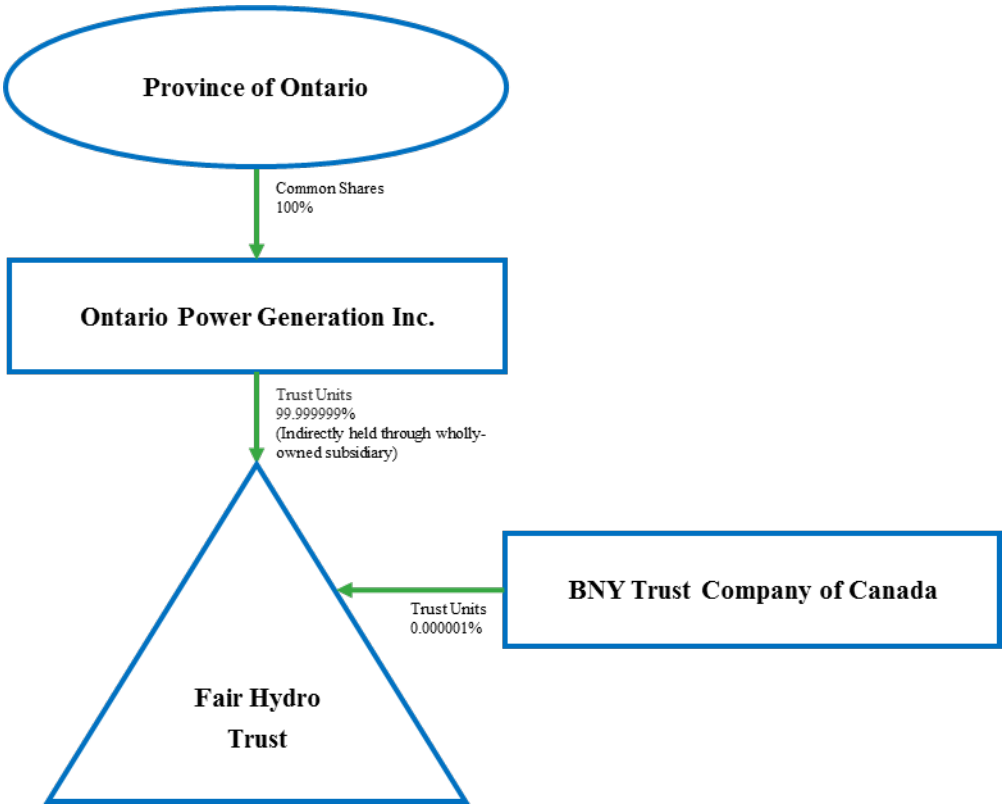

THE MANAGER

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, the Manager (on behalf of the Issuer) shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors – Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and

remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

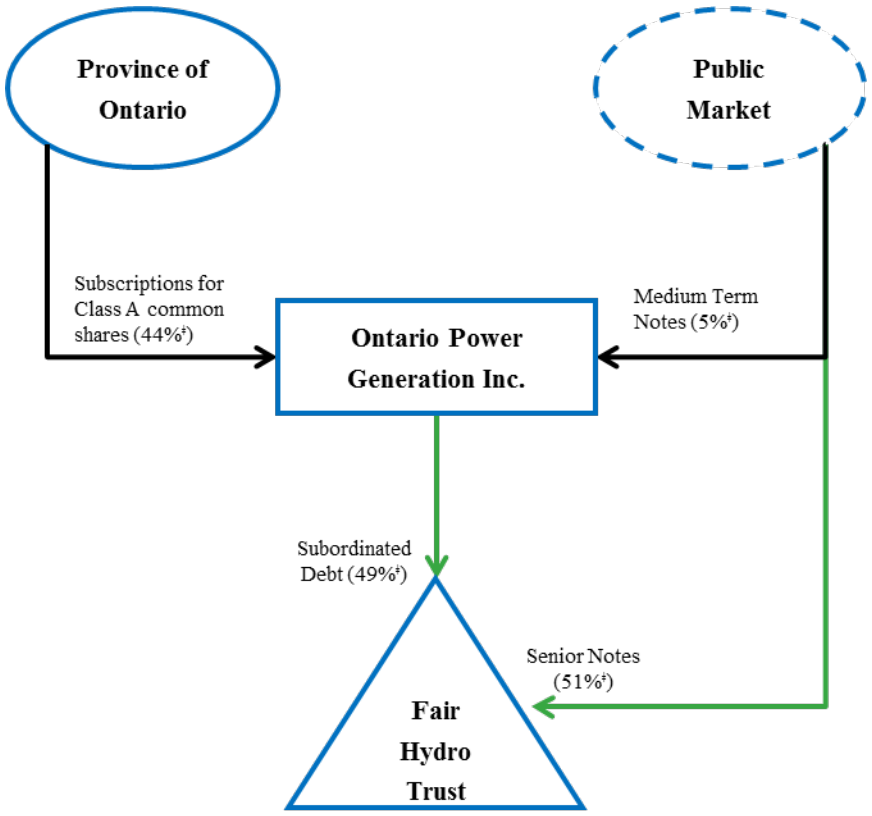

ǂ OPG is expected to acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(a) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(b) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(c) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable

funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest on December 21, 2017.

THE TRANSFEROR AND SERVICER

Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to Transfer to the Issuer a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of receiving the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts received in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on the 18th business day of each month, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) providing forecast information to the OEB and the Issuer.

The IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions. The Master Transfer and Servicing Agreement provides for various limitations on the duties and responsibilities of the IESO including that: (i) the IESO provides no guarantee that collections of the Clean Energy Adjustment from

Electricity Vendors will equal amounts invoiced or that Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, (ii) the IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Investment Interest, the collectability of the Clean Energy Adjustment or that Clean Energy Adjustment amounts received will be sufficient to satisfy the Issuer's Funding Obligations, (iii) the IESO shall have no liability or responsibility to any person in respect of any forecasts or other information provided, provided only that such forecasts or other information has been prepared and provided in good faith and (iv) the IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from Specified Consumers or not remitted by Electricity Vendors to the IESO.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA, including its obligation to pay the Issuer's Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes. Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used to pay the Issuer's Carrying Costs.

As security for the performance of its obligation to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for Transfer to the Issuer in a subsequent period. Upon completion of such Transfer, the Issuer will acquire an Investment Interest pursuant to the FHPA.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors or such other number as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;

- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);

- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and

- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated

Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be

credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be

distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "*— Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount

(Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series

Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under “The Issuer”.

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may

only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel, each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture

Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of

any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on

Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF SENIOR NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this *"Description of Senior Notes"* section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s), if any, and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;
- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Payment Dates on which such amount are to be accumulated for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than an expected Principal Payment Date if an optional redemption occurs and may receive principal payments later than an expected Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on an expected Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation

made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or

Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit were successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA should no longer be law in Ontario or that the FHPA should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA referenced in the previous paragraph were amended or repealed through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the

Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Crown, nor may an order for execution or attachment be made against the Crown, although the remedy of damages is available. Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior Notes, and the Issuer must rely for payment of all of its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs. The amounts paid by the IESO cannot be applied on account of principal on the Senior Notes. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring September 30, 2022, which can be used to pay the Issuer's Carrying Costs. There can be no assurance that the IESO will continue to have sufficient funds available to pay the Issuer's Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay the Issuer's Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether

or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior Notes, and the Issuer must rely for payment of its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs. Amounts paid by the IESO are not available to pay principal on the Senior Notes. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA, rights to enforcement of the FHPA and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the

collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the

outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring Investment Interests. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the Transfer by the IESO of specified portions of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, the Investment Asset will be co-owned by all Financing Entities (including the Issuer) and consequently Clean Energy Adjustment amounts collected by or for the benefit of the Financing Entities will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA and the Master Transfer and Servicing Agreement impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Master Transfer and Servicing Agreement. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or providing forecast information, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.

The FHPA imposes new duties and obligations of OPG, as Financial Services Manager, and the Program Agreements impose new duties and obligations of OPG, as Manager. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA, including determining the Clean Energy Adjustment (inclusive of the True-up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated based upon a forecast of Specified Consumer usage to be newly developed based on forecast information provided by the IESO. Under the Regulations, the IESO is required to provide a forecast of electricity consumption of Specified Consumers. The amount of the Clean Energy Adjustment collected in any period will depend in part on actual electricity usage by Specified Consumers and the amount of collections and write-offs for Specified Consumers. If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or

unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. The FHPA does not require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in FHPA. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment. The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to provide indemnification, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were

to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.

Ordinarily, the interests of the Issuer as acquirer of an Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time the corresponding Regulatory Asset was Transferred to the Issuer. This could reduce the amounts that may be available to the Issuer in respect of the Investment Interest and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the Transfer of the Regulatory Asset to a Financing Entity, such Transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the Transfer and the property rights and interests acquired by the Transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The Transfers of the Regulatory Asset to the Issuer will be made in accordance with section 26 of the FHPA. Section 27(1) of the FHPA provides that a Transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Transferee. Therefore, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Regulatory Asset. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO or such Electricity Vendor may be significantly impaired or delayed.

Under the Master Transfer and Servicing Agreement, collections received by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and

used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See "*Rating Agency Condition*".

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the

Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Capital Markets Platform — Covenants of the Issuer — Financial Statements; Statement as to Compliance"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These

remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in

contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Change of Law Protection Agreement**" means the change of law protection agreement dated as of December 21, 2017 among the Province, the Issuer and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c)

if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as amended, supplemented, restated or otherwise modified from time to time.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Entity**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligations**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on page (iii) of this confidential shelf offering memorandum.

"**Issuer**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" means the management agreement dated as of December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Manitoba"*.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**NI 31-103**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**NI 45-106**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**NL Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Newfoundland and Labrador"*.

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether

or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Offering Jurisdiction**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**OPA**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO*.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Saskatchewan"*.

"**Section 130.1**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Ontario"*.

"**Section 150**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in New Brunswick"*.

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning specified in the *Ontario Fair Hydro Plan Act, 2017*, and "**Transferred**" and "**Transferee**" shall have corresponding meanings.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" has the meaning set out under *"The Issuer"*.

"**U.S. Securities Act**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

INDEX

"**Acceleration Event**" 95
"**Acceleration**" 95
"**Adherence Compliance Certificate**" 28
"**Adverse Effect**" 41
"**Agency Agreement**" 67
"**Agents**" ii
"**Approved Obligation**" 7, 28
"**Available Collections**" 45
"**Borrowing**" 95
"**Canadian Insolvency and Restructuring Laws**" 69
"**Carrying Costs**" 95
"**CDS**" ii
"**Certified Primary Obligation**" 7, 28
"**Change of Law Protection Agreement**" 95
"**Class**" 43
"**Clean Energy Adjustment**" 21
"**Clean Energy Benefits**" 95
"**Clean Energy Costs**" 96
"**Clean Energy Initiative**" 96
"**Clearstream, Luxembourg**" 66
"**Collateral**" 44
"**Collection Account Waterfall**" 47
"**Collection Account**" 44
"**Commissions**" 82
"**Confidential Information**" vii
"**Controlling Class Creditors**" 96
"**Controlling Class Obligations**" 96
"**Co-Owner Agreement**" 97
"**DBRS**" 97
"**Debtholder Group**" 57
"**Debtholder**" 97
"**Declaration of Trust**" 97
"**Default**" 97
"**depository**" 65
"**Derivative Counterparty**" 97
"**Derivative Funding Obligations**" 97
"**DTC**" 66
"**Electricity Vendor**" 97
"**Eligible Deposit Account**" 44
"**Eligible Institution**" 97
"**Eligible Investments**" 97
"**Eligible Securities Account**" 44
"**Euroclear**" 66
"**Event of Default**" 58
"**Extraordinary Resolution**" 57
"**Fair Adjustment**" 19
"**Fair Allocation Amount**" 24
"**FHPA**" i
"**Finance Amount**" 21
"**Financial Services Manager**" i
"**Financing Entity**" i
"**Financing Plan**" 99
"**Funding Obligation Agreement**" 99

"**Funding Obligations**" i
"**Governmental Authority**" 99
"**HOEP**" 19
"**IESO Cash Reserve Account**" 45
"**IESO Cash Reserve Deposit Amount**" 99
"**IESO Cash Reserve Required Amount**" 99
"**IESO Security Agreement**" 99
"**IESO**" 2, 99
"**Indemnity Agreement**" 100
"**Indenture Trustee**" 100
"**Indenture**" 100
"**Interest Accrual Amount (Junior Subordinated)**" 100
"**Interest Accrual Amount (Senior)**" 100
"**Interest Accrual Amount (Subordinated)**" 100
"**Interest Accumulation Account**" 45
"**Interest Payment Date**" 100
"**Investment Asset**" 21
"**Investment Interest**" 21
"**Investor Presentation**" iii
"**Issuer Accounts**" 44
"**Issuer Funding Obligation**" 100
"**Issuer Trustee**" 100
"**Issuer**" i
"**Junior Subordinated Funding Obligations**" 100
"**Junior Subordinated Notes, Series 2017-1**" 36
"**LDCs**" 18
"**Lender**" 101
"**Limited Guarantee**" 8, 25
"**Management Agreement**" 101
"**Manager**" 101
"**Manitoba Act**" 91
"**Master Agreement**" 101
"**Master Transfer and Servicing Agreement**" 101
"**Master Trust Indenture**" 101
"**Material Effect**" 29
"**Moody's**" 101
"**Moratorium Period**" 3, 23
"**MTSA Acknowledgement**" 101
"**NI 31-103**" ii
"**NI 45-106**" ii
"**NL Act**" 93
"**Non-Investment Grade Rated Electricity Vendor**" 37
"**Note**" 101
"**Noteholders**" 101
"**Obligations Secured**" 101
"**OEB**" 102
"**Offering Jurisdiction**" 79
"**Offering**" ii
"**OPA**" 17
"**OPG**" ..... i, 1, 102
"**Ordinary Resolution**" 57
"**Participants**" 65
"**Paying Agent**" 102
"**Payment Date**" 102
"**Person**" 102
"**Post-Suspension Refinancing**" 29

"**Pre-Approved Refinancing**" 29
"**Predecessor IESO**" 17
"**Primary Obligation**" 28
"**Principal Accumulation Account**" 45
"**Principal Accumulation Amount**" 102
"**Principal Accumulation Date**" 102
"**Principal Payment Date**" 103
"**Principal Payment Default Date**" 103
"**Program Account**" 103
"**Program Agreements**" 103
"**Program Cash Reserve Account**" 45
"**Program Cash Reserve Required Amount**" 103
"**Protection Account**" 45
"**Protection Event**" 7, 26
"**Rating Agency Condition**" 39
"**Rating Agency**" 103
"**Reference Period**" 103
"**Refinancing Account**" 45
"**Refinancing**" 103
"**Regulated Price Plan**" 19
"**Regulations**" 104
"**Regulatory Asset**" 2, 20
"**Required Principal Accumulation Amount (Senior)**" 104
"**Required Principal Accumulation Amount (Subordinated)**" 104
"**RPP**" 19
"**Saskatchewan Act**" 85
"**Section 130.1**" 84
"**Section 150**" 89
"**Securities Account**" 46
"**Senior Funding Obligation**" 104
"**Senior Notes, Series 2017-1**" 35
"**Senior Notes**" i
"**Series Account**" 104
"**Series Capital Reserve Account**" 46
"**Series Finance Reserve Account**" 46
"**Series**" 104
"**Servicer Default**" 104
"**Servicer**" 104
"**Specified Consumer**" 19
"**Specified Creditors**" 105
"**Subordinated Funding Obligations**" 105
"**Subordinated Notes, Series 2017-1**" 35
"**Supplemental Indenture**" 105
"**Suspension Event**" 29
"**Suspension Notice**" 29
"**Term Sheet**" i
"**Terms Document**" 105
"**Tranche**" 105
"**transaction**" 53
"**Transfer**" 105
"**True-up Amount**" 3
"**U.S. Securities Act**" i
"**Unitholders**" 30
"**Warehouse Facilities**" 35
"**Warehouse Obligations**" 106

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement

January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust ~~governed by~~**established under** the laws of the Province of Ontario~~, established~~ by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (**together with the regulations promulgated thereunder,** the "**FHPA**")~~, legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).]~~[1]**.** Under the FHPA, OPG is appointed as~~ the initial~~ financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes ~~of~~**prescribed under** the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited

[1] ~~**Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.~~
[2] ~~**Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.~~

recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended ~~or~~, supplemented ~~by supplemental indentures thereto~~**, restated or otherwise modified from time to time**.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale".*

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. **An index of defined terms used in this confidential shelf offering memorandum is provided starting on page [104] of this confidential shelf offering memorandum.** All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA ..... ~~viii~~vii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO ..... ~~17~~16
ONTARIO'S FAIR HYDRO PLAN ..... ~~20~~19
CHANGE OF LAW PROTECTION AGREEMENT ..... ~~27~~25
THE ISSUER ..... ~~32~~30
THE MANAGER ..... ~~34~~32
SUBORDINATED DEBT ..... ~~36~~34
SHORT TERM INDEBTEDNESS ..... ~~37~~35
THE TRANSFEROR AND SERVICER ..... ~~38~~36
CREDIT RATINGS ..... ~~40~~38
RATING AGENCY CONDITION ..... ~~40~~39
CAPITAL MARKETS PLATFORM ..... ~~41~~39
DESCRIPTION OF **SENIOR** NOTES ..... ~~65~~62
DEPOSITORY SERVICES ..... ~~68~~65
PLAN OF DISTRIBUTION ..... ~~69~~67
RISK FACTORS ..... ~~70~~67
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS ..... ~~83~~79
LANGUAGE OF DOCUMENTS ..... ~~87~~83
RESTRICTIONS ON RESALE ..... ~~87~~83
REPORTING REQUIREMENTS ..... ~~88~~84
STATUTORY RIGHTS OF ACTION ..... ~~88~~84
INDENTURE TRUSTEE ..... ~~98~~94
LEGAL MATTERS ..... ~~98~~94
GLOSSARY ..... ~~99~~95
INDEX 107
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES ..... ~~111~~110
EXHIBIT 1 ~~112~~ **– INVESTOR PRESENTATION** 111

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount ~~&~~**and** Financing Plan"*, *"Subordinated Debt"*~~, "■"[3]~~ and *"Risk Factors"* of this confidential shelf offering memorandum and ***"Fair Allocation Amount",*** *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*~~, "■"[4]~~ and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA~~ or the Regulations~~ and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA~~, the Regulations~~, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. **Amounts paid by the IESO are not available to pay principal on the Senior Notes.**
- The Issuer's ability to enforce security granted by the IESO may be **significantly** impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval ~~by resolution of the holders~~ of all Series~~ of Senior Notes~~.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

~~[3] **Note:** Please complete.~~
~~[4] **Note:** Please complete.~~

- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager ~~of the Issuer~~.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- ~~Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.~~
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO ~~or~~**were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.**
- **If** any Electricity Vendor **or the IESO** were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against **such Electricity Vendor or** the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

[5] ~~Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?~~

- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

~~PRIOR TO RECEIVING~~ THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM~~, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT~~ **IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS, AND THEIR RESPECTIVE REPRESENTATIVES, TO WHOM IT IS TRANSMITTED, SOLELY TO ENABLE SUCH PERSONS TO EVALUATE AN INVESTMENT IN THE NOTES DESCRIBED IN THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM.** BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.~~ ~~*[NTD: Logistics to be discussed between Dealers and OPG.]*~~

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

~~The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.~~

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not

misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at ~~https://www.ontario.ca/laws/statute/17o16.~~**www.ontario.ca/laws/statute/17o16.**

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. ***An index of defined terms used in this summary is provided starting on page [104] of this confidential shelf offering memorandum.***

Issuer:	Fair Hydro Trust, a special purpose trust ~~governed by~~**established under** the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement"*.
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "FHPA"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[~~6~~**1**] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[~~7~~**2**] for that period. Under the FHPA, OPG is appointed as ~~the initial financial services manager (in such capacity, the "~~Financial Services Manager~~")~~ and is given the authority to, among other things, establish, or cause to be established, one or more ~~financing entities (each, a "~~Financing ~~**Entity**")~~**Entities** to incur ~~payment obligations (referred to as "~~Funding Obligations~~")~~ for the purposes ~~of~~**prescribed under** the

[~~6~~**1**] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[~~7~~**2**] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

FHPA ~~and the Regulations.~~[8] The Issuer is a Financing Entity[9] under the FHPA and the ~~Regulations and the~~ Notes are Funding Obligations being offered for the purposes of the FHPA ~~and the Regulations~~. See *"Ontario's Fair Hydro Plan — Background"*.

Summary of the Fair Hydro Financing Program:

The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of ~~series (each a "~~Series~~")~~, in one or several ~~offerings (each, an "**Offering**")~~**Offerings**. A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the ~~master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "~~**Master Trust Indenture, as supplemented by a** Supplemental Indenture~~" and collectively with the Master Trust Indenture, the "**Indenture**")~~ authorizing that Series.

Transferor and Servicer:

The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). **As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy.** The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.~~[10]~~

Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA ~~and the Regulations~~, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). ~~However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "~~**The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from Specified Consumers before May 1, 2021. Pursuant to the** Master Transfer and Servicing

~~[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.~~

~~[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.~~

~~[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.~~

Agreement~~") pursuant to which,~~ the IESO may, on a monthly basis, offer to ~~transfer a~~**Transfer** specified ~~portion~~**portions** of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"~~The~~ Transferor and Servicer"*.

Investment Interest:

Upon ~~acceptance~~**completion** of ~~the transfer~~**a Transfer** by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right ~~and interest~~ to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA ~~and the Regulations~~. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA ~~and the Regulations impose~~**imposes** an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager ~~based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate~~**and will be converted by the OEB into a cent per kWh rate and added to the electricity invoices sent to Specified Consumers**. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is ~~required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received~~**comprised of the cumulative Finance Amounts** in respect of ~~the~~**all preceding Reference Periods less the cumulative** Clean Energy Adjustment ~~during~~**amounts remitted to the Issuer in respect of all** preceding Reference Periods~~.~~

plus other anticipated shortfalls. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and

variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA ~~and the Regulations~~. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

~~[~~Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. ~~From~~**Based on the Fair Allocation Amount provided by the Province, from** July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.~~]~~[11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs ~~during the Moratorium Period~~until July 31, 2021:

~~During the Moratorium Period and extending to July 31, 2021,~~[12] ~~the~~**The** IESO, which is rated A(high) by DBRS ~~Limited ("**DBRS**")~~ and Aa2 by Moody's ~~Investors Services, Inc. ("**Moody's**")~~, is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of ~~its~~ Carrying Costs~~.~~ **incurred in respect of the period from June 1, 2017 to July 31, 2021.** Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of

[11] ~~**Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.~~

[12] ~~**Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.~~

the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement,[14] the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, **September 30, 2022,** which is permitted to be used to pay the Issuer's Carrying Costs. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a**the** variance account and form part of the Regulatory Asset that the IESO is expected to transfer**Transfer** to the Issuer in a subsequent period and, upon**. Upon** such transfer, will become part of**Transfer,** the Issuer's **will acquire a corresponding** Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by **owing to** the IESO from Electricity Vendors**, including amounts owing** with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and**&** Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

[14] **Note:** Not sure how this lines up with fee recovery.

otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[15]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][16], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the**a** forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO **to the OEB**. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "***The*** *Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require**requires** Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [**all Financing Entities, of which** the Issuer][17] **is the first**, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][18]**Financing Entities** until remitted to the IESO for the benefit of [the owners of Investment Interests**the Financing Entities** (initially, only the Issuer)].[19] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice **in the manner set out in the FHPA**.[20] It is a deemed condition of their distribution license issued by the OEB that

[15] **Note:** Add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and specifically address in Risk Factors.
[16] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".
[17] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.
[18] **Note:** Please see note 17.
[19] **Note:** Please see note 17.
[20] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.

Electricity Vendors comply with the FHPA.[21]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required ~~from the IESO~~ is based on a formula as set out in the Master Transfer and Servicing Agreement and will **be** equal **to**: **(a)** (i) 50% of ~~forecasted~~**estimated** Clean Energy Adjustment amounts that are to be collected ~~by~~**over a twelve-month period by all** such non-investment grade rated Electricity Vendors ~~and held for 45 days prior to the funds~~**, (ii) multiplied by a fraction equal to 45/365 (representing the 45-day period during which funds are expected to be held by such non-investment grade rated Electricity Vendors prior to** being remitted to the Issuer**)**; or (~~ii~~**b**) such other **lesser** amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

~~OPG has entered into a management agreement (the "~~**Pursuant to the** Management Agreement~~") with the Issuer pursuant to which~~**,** the Issuer has delegated to OPG, as ~~manager (the "~~Manager~~")~~, all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. ~~See *"The Manager".*~~

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA ~~and the Regulations~~, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA ~~and the Regulations~~, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and

[21] ~~**Note:** Please confirm.~~

administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. ~~See~~**The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. See *"The Electricity Industry in Ontario — Key Industry Participants — Ontario Power Generation Inc."* and** *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of ~~[~~**the Financing Entities (of which** the Issuer~~]~~[22] **is currently the only one)**, to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of ~~[~~**the Financing Entities (of which** the Issuer~~]~~ **is currently the only one)** and remit such amounts ~~to [the Issuer] [~~on a monthly basis, subject to daily remittance being required in certain limited circumstances.~~]~~[23] **Pursuant to the Master Transfer and Servicing Agreement, monthly remittances of amounts received in respect of the Clean Energy Adjustment will occur on the 18th business day of each calendar month.** In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing~~ forecast information regarding electricity consumption of Specified Consumers and providing such~~ forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts ~~to [the Issuer]~~ and fulfilling certain additional reporting requirements. ~~[~~Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.~~]~~[24] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement ~~in favour of the Indenture Trustee~~, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of Notes), although the amount of **the** Province of Ontario's payment obligations in a particular period ~~will~~**may** differ depending on whether an Acceleration has occurred. See *"Change of Law Protection Agreement"*. The Issuer and **the** Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay ~~each~~ Specified ~~Creditor~~**Creditors** to whom ~~an amount is~~**amounts are** due and payable under an Approved Obligation **in accordance with the provisions of the Master Trust Indenture. See *"Capital***

[22] ~~**Note:** Please see note 17 regarding bracketed references to the "Issuer" in this paragraph..~~

[23] ~~**Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.~~

[24] ~~**Note:** Please confirm.~~

Markets Platform".

Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

(vi) in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the

availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA ~~or the Regulations~~, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

(c) **The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.**

(d) The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

(e) Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid~~. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom~~.

(f) **Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any**

rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture (in effect as ~~at December 21, 2017.~~of the date hereof).

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations**, including all Senior Notes**.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material

respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA ~~and the Regulations~~ by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of ~~certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("~~Clean Energy Costs~~")~~[25] in proportion to the relative attribution of the value of ~~benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("~~Clean Energy Benefits~~")~~ among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[26]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred~~, after~~

[25] ~~**Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.~~

[26] ~~**Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.~~

~~reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period~~.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA.[27] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

[28] ~~The Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the [ability to accelerate][29] their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.~~

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

Use of Proceeds:

The proceeds from each Offering may be used to (i) acquire an Investment Interest ~~from the IESO~~ pursuant to **the FHPA and** the

[27] ~~**Note:** We have omitted narrative regarding the purposes of the legislation that is not a strict recital of section 3 of the FHPA. The deleted language is not precise and draws a connection to clean energy benefits that is not in the FHPA nor entirely accurate.~~

[28] ~~**Note:** Fair allocation amount is a calculation amount. It is not based on an expectation – it is an absolute value at a point in time. We recommend deleting this language as it is inappropriate.~~

[29] ~~**Note:** CEAs will automatically step up at the original maturity date without the need to accelerate assuming a refinancing cannot be completed.~~

	Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
~~**Principal Accumulation Date(s) and**~~ **Principal Accumulation Amount(s):**	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", *"Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration"*.
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined

as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for ~~senior obligations~~**Senior Funding Obligations**, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for ~~subordinated obligations~~**Subordinated Funding Obligations**;
- payments of or accumulations in respect of interest for ~~junior subordinated obligations~~**Junior Subordinated Funding Obligations**;
- payment of or accumulations in respect of principal for ~~warehouse obligations~~**Warehouse Obligations** (see *"Warehouse Facilities"*);
- accumulations in respect of principal for ~~senior obligations~~**Senior Funding Obligations** (other than ~~warehouse obligations~~**Warehouse Obligations**), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on ~~senior obligations~~**Senior Funding Obligations**;

- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for ~~subordinated obligations~~**Subordinated Funding Obligations**;
- fees and other amounts (other than principal and interest) on ~~subordinated obligations~~**Subordinated Funding Obligations**;
- payment of or accumulations in respect of principal for ~~junior subordinated obligations~~**Junior Subordinated Funding Obligations**;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for ~~subordinated obligations or junior subordinated obligations~~**Subordinated Funding Obligations or Junior Subordinated Funding Obligations**);
- replenishment of Series Accounts established for ~~subordinated obligations~~**Subordinated Funding Obligations**;
- fees and other amounts (other than principal and interest) on ~~junior subordinated obligations~~**Junior Subordinated Funding Obligations**;
- replenishment of Series Accounts established for ~~junior subordinated obligations~~**Junior Subordinated Funding Obligations**;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

- After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:
  - taxes;
  - trustee fees, expenses and reimbursement amounts;
  - interest, fees and other amounts (other than principal) on ~~senior obligations~~**Senior Funding Obligations** and payments under derivative agreements (other than

termination payments), *pari passu*, then ~~subordinated obligations~~**Subordinated Funding Obligations** (other than principal) and then ~~junior subordinated obligations~~**Junior Subordinated Funding Obligations** (other than principal);

- principal for ~~warehouse obligations~~**Warehouse Obligations**;
- *pari passu*, principal on ~~senior obligations~~**Senior Funding Obligations** (other than ~~warehouse obligations~~**Warehouse Obligations**) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for ~~subordinated obligations and then junior subordinated obligations~~**Subordinated Funding Obligations and then Junior Subordinated Funding Obligations**; and
- all other obligations not specifically dealt with above.

- Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.
- See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 **units** of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase

	the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The following summary of the electricity industry in Ontario does not purport to be comprehensive or definitive. It is a general and high-level overview of the history and manner in which the industry operates, including how real-time energy supply needs are met.

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas **and large directly connected consumers**; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive **wholesale** electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of ~~small~~**smaller** scale **wind and** solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be **scheduled and** dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids ~~to withdraw energy from a few flexible~~**by domestic** loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. ~~Virtually all~~**Most** generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to ~~the~~**wholesale** market ~~price of electricity~~**settlements** that ~~is~~**are** paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario)~~, whose sole shareholder is the~~**.** **The** Province of Ontario **is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors**. In 1999, when Ontario Hydro was split up in anticipation of

deregulation, OPG was formed to hold ~~all of~~ the generation assets **of the former Ontario Hydro**. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power ~~turbine~~**facility**. OPG's ~~mission~~**mandate** is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for ~~almost half~~**a significant portion** of the total energy generated and injected into Ontario's electricity transmission system~~, as reported by the IESO~~. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for **managing the reliability of the provincial transmission system and** operating the ~~real-time~~**wholesale** electricity markets in Ontario~~, as well as administering the market rules.~~ **.** The OPA was ~~the counterparty that~~**formed to plan the provincial power system and to procure electricity resources. The OPA** entered into bilateral power~~-or capacity~~ purchase contracts with generators **and other electricity resource providers**. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners~~, but it~~ **and** is governed by an independent ~~Board~~**board** of ~~Directors whose chair and~~ directors ~~are~~ appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors**,** which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the ~~consumer~~**consumers**'~~s~~ economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts ~~a simplified~~**the** flow of funds between the key industry participants:[30]

[30] ~~**Note:** Proposed revisions to the text in the chart: (i) "The electricity market is overseen administered by the IESO"; (ii) "Rates for power and transmission are set by the IESO contracts or the OEB Prices paid to generators are determined by IESO contracts or approved by the OEB. Transmission rates are approved by the OEB."~~

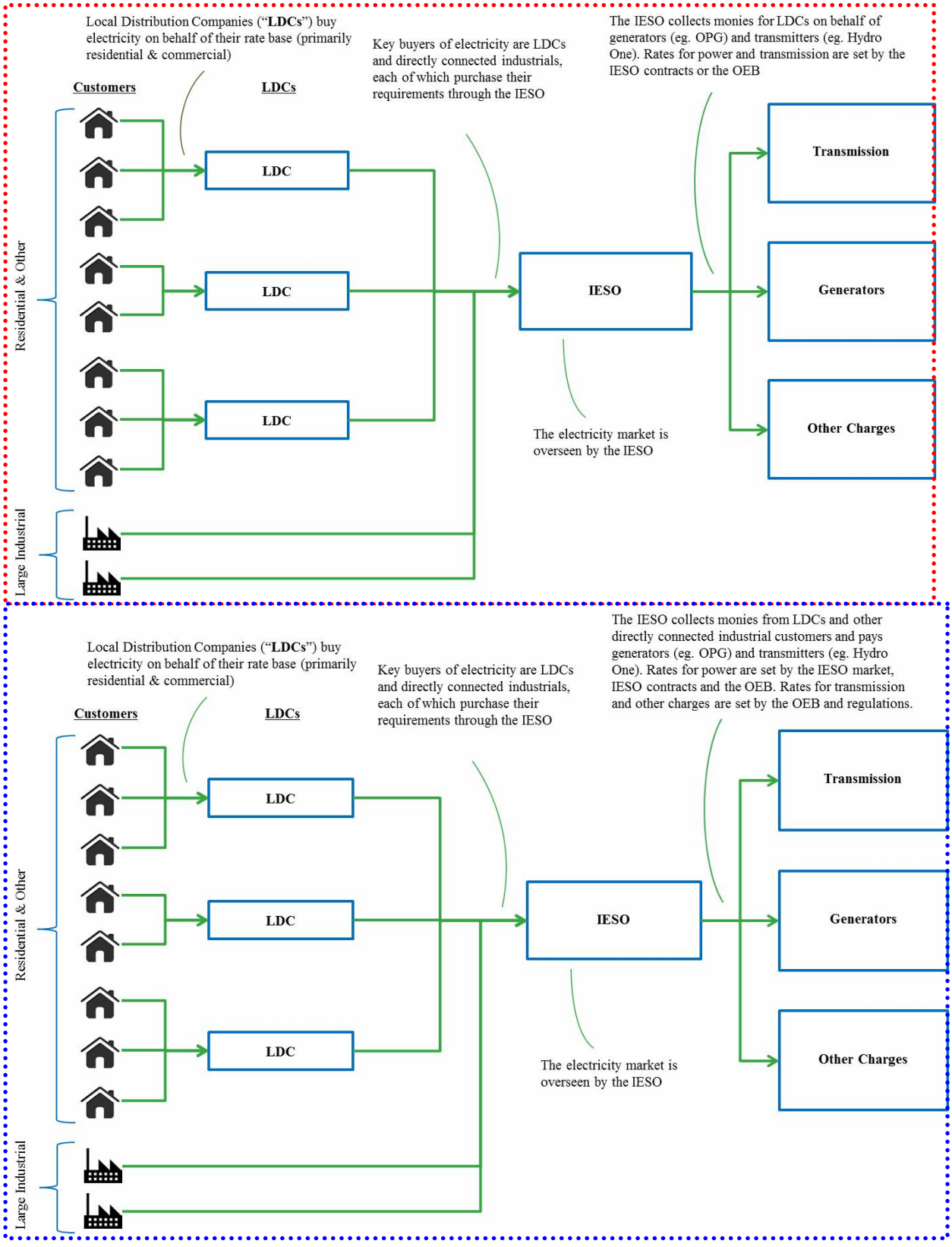

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are ~~two~~**main** components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the ~~Global Adjustment~~global adjustment charge.

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is ~~paid by all consumers. It is~~ established monthly by the IESO in accordance with regulations and is ~~used to collect funds used by the IESO~~**the amount necessary** to pay certain ~~"out of market"~~**other** costs **to generators and other suppliers** that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to ~~certain generators, including OPG, that are entitled to a regulated rate of return based on~~**OPG pursuant to** OEB-established payment amounts. ~~For all Specified Consumers[31] the global adjustment charge is based on electricity usage on a per unit basis.~~

Prior to the FHPA being passed, the amount collected **generally over an annual basis** by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's ~~liabilities in this regard~~**current payables to generators and other electricity resource suppliers**, subject to certain periodic true-ups**, fees** and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, ~~and in accordance with amendments to legislation,~~ the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered ~~commodity~~ prices **primarily** for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months **by the OEB** based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a ~~fixed~~ rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the ~~*Ontario Fair Hydro Plan Act, 2017*[32] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][33]~~ **FHPA**. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will **in effect** be the ~~rates~~**rate** that **would** result in a representative consumer being charged an invoice amount that is 25%~~[34]~~[3] less than the rate that would otherwise have been determined by the OEB for that period ~~(the "**Fair Adjustment**")~~ absent

~~[31] **Note:** Some consumers below 500 kw are not Specified Consumers.~~

~~[32] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.~~

~~[33] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.~~

[3] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government ~~and the shifting of certain support program costs from the rate base to the tax base~~.

Ontario's Fair Hydro Plan **(such adjustment, together with the further adjustments described below in this section, the "Fair Adjustment")**.

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated ~~its intention~~ that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as ~~the initial~~ Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more ~~financing entities (each, a "~~Financing ~~Entity")~~**Entities** to incur ~~payment obligations (such obligations, "~~Funding Obligations~~")~~ to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, **the amounts charged to the IESO by the Issuer in respect of the Carrying Costs of the Issuer [and certain other amounts]** ***[NTD: IESO to confirm what other***

amounts are included] in a variance account.[35] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). ~~However, in accordance with the FHPA, the IESO is not~~**The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be** entitled to collect all or part of the balance recorded in the variance account ~~(which is the basis of the Regulatory Asset) from specified consumers~~**from Specified Consumers** before May 1, 2021. The IESO may, in accordance with the FHPA, ~~transfer~~**Transfer** a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover its ~~"~~Finance Amount~~"~~ (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest ~~from the IESO~~**by accepting a Transfer of the corresponding specified portion of a Regulatory Asset**, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the ~~transfer~~**Transfer** of a specified portion of the Regulatory Asset from the IESO, such ~~transfer~~**Transfer** results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of **Financing Entities that own an** Investment Interest ~~owners~~ (among other things):[36]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest~~, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**")~~; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained

[35] ~~**Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.~~

[36] ~~**Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be warranted here.~~

together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers ~~[~~to cover the cost of financing the shortfall that results from the Fair Adjustment~~]~~.[37] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment~~,~~ redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer , or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that **are** payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a ~~funding obligation~~**Funding Obligation**, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

[37] ~~**Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FHPA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.~~

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) ~~for any period before May 1, 2021,~~ amounts received during the period in respect of Carrying Costs~~ and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates~~;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax ~~and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA~~ during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. ~~In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received~~**The True-up Amount is comprised of the cumulative Finance Amounts** in respect of ~~the~~**all preceding Reference Periods less the cumulative** Clean Energy Adjustment ~~during the~~**amounts remitted to the Issuer in respect of all** preceding Reference Periods **plus other anticipated shortfalls**. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA~~ and the Regulations~~. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. **After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly.** The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period of time by (ii) ~~the~~**a** forecast of electricity consumption of Specified ~~Creditors~~**Consumers** in respect of such period~~,~~ based on forecast information provided ~~to the OEB~~ by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each

invoice. Electricity Vendors are required to collect, as agent of the ~~[Issuer],~~[38] **Financing Entities (of which the Issuer is currently the only one),** amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the ~~[Issuer]~~ **Financing Entities (of which the Issuer is currently the only one)** until remitted to the IESO for the benefit of the ~~[the owners of Investment Interests (initially, only~~**Financing Entities (of which** the Issuer **is currently the only one**)~~]~~. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice **in the manner set out in the FHPA**.[39] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[40] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to ~~[~~the Issuer~~]~~ during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. ~~[~~Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.~~]~~[41] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

~~[38] **Note:** Please see note 17 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).~~

~~[39] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.~~

~~[40] **Note:** Please confirm.~~

~~[41] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].~~

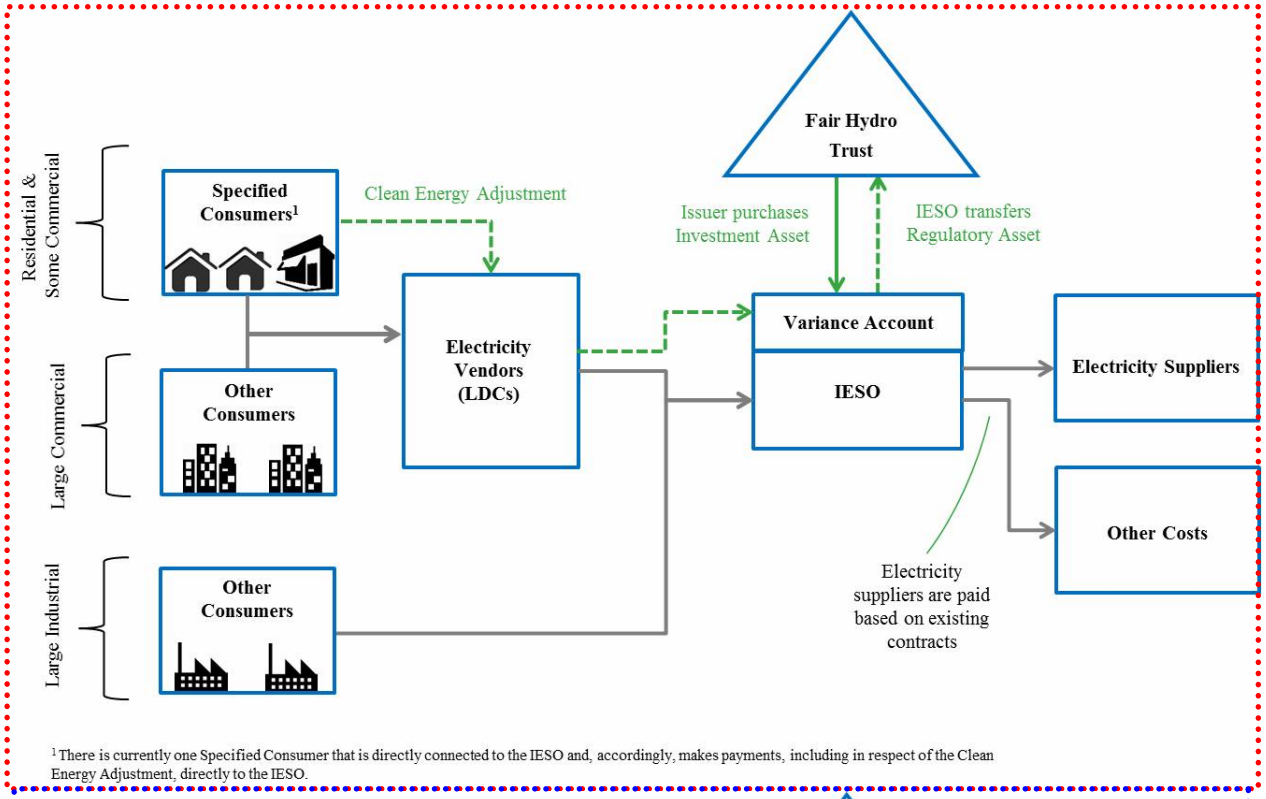

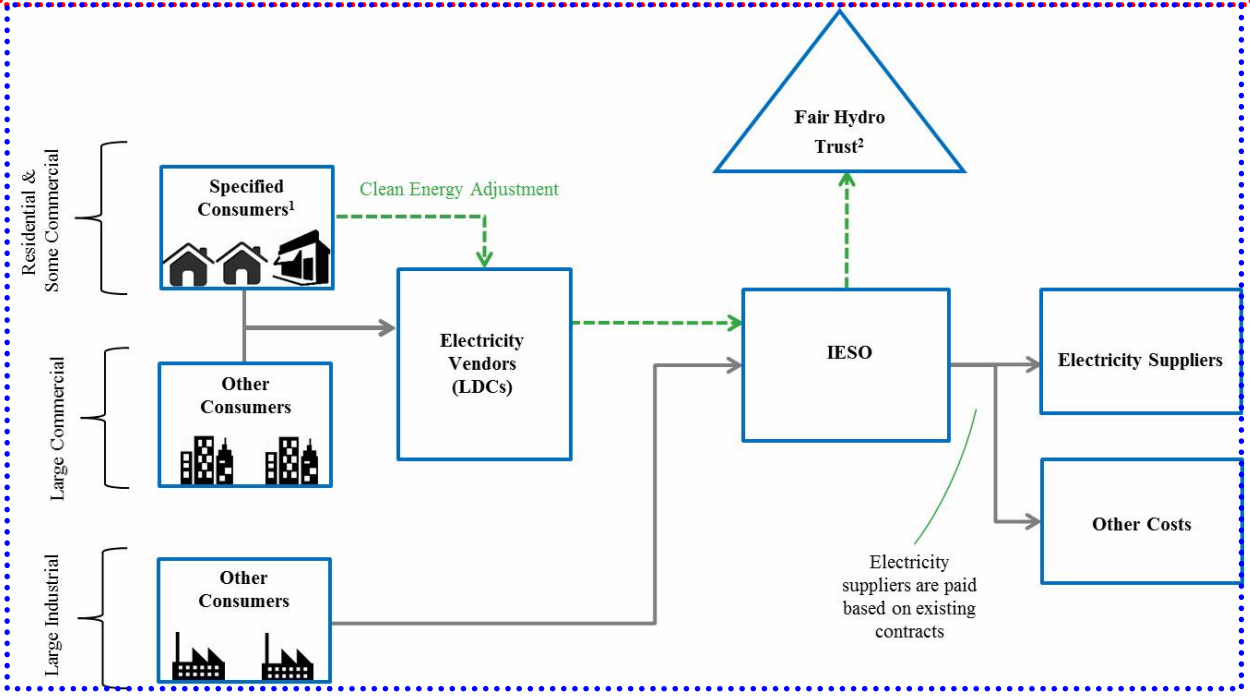

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

[2] Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer for a corresponding purchase price. Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset following payment by the Issuer of the corresponding purchase price, the Issuer will acquire an Investment Interest.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[42] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred~~, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period~~. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

~~The Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.~~

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

~~IESO~~ Payment of Carrying Costs ~~During the Moratorium Period~~until July 31, 2021

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. ~~During the Moratorium Period and extending to July 31, 2021,[43] the~~**The** IESO, which is rated A(high) by DBRS ~~Limited ("**DBRS**")~~ and Aa2 by Moody's ~~Investors Services, Inc. ("**Moody's**")~~, is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs~~.~~ **incurred in respect of the period from June 1, 2017 to July 31, 2021.** Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[44] The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in ~~a~~**the** variance account and form part of the Regulatory Asset that the IESO is expected to ~~transfer~~**Transfer** to the

[42] ~~**Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.~~

[43] ~~**Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.~~

[44] ~~**Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.~~

Issuer in a subsequent period ~~and, upon~~**. Upon** such ~~transfer, will become part of~~**Transfer,** the Issuer~~'s~~ **will acquire a corresponding** Investment Interest pursuant to the ~~Regulations~~**FHPA**.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ~~■, 20■~~,**September 30, 2022,** which is permitted to be used to pay the Issuer's Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all ~~of its~~ accounts receivable~~, which includes the amounts receivable by~~ **owing to** the IESO from Electricity Vendors**, including amounts owing** with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA ~~or the Regulations~~, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement ~~in favour of the Indenture Trustee~~, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account ~~(as hereinafter defined)~~. The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay ~~each~~ Specified ~~Creditor~~**Creditors** to whom ~~an amount is~~**amounts are** due and payable under an Approved Obligation **in accordance with the provisions of the Master Trust Indenture.** See *"Capital Markets Platform"*. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any ~~Obligation Secured~~**Senior Notes** on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any ~~Obligation Secured~~**Senior Notes** on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant

month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period ~~for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General Regulation under the FHPA (in effect as at December 21, 2017)]~~[45], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the **Senior** Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA~~, in whole~~ or ~~in part~~**any portion thereof**, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA **or any portion thereof**, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v)

[45] ~~Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.~~

above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA ~~or the Regulations~~, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights ~~and interests~~ of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral ~~(as hereinafter defined)~~ and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture ~~and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount~~. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued**, provided that for purposes of determining voting rights with respect to Notes, Notes in** which the Province of Ontario **has an interest will be deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes**.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations**, including the Senior Notes**.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document **to which the Limited Guarantee applies and** which was

previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA ~~or the Regulations~~; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were ~~Approved Obligations~~ issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust ~~governed by~~**established under** the laws of the Province of Ontario pursuant to ~~a declaration of trust made December 20, 2017 (the "~~**the** Declaration of Trust~~"). Computershare Trust Company of Canada (the "~~**. The** Issuer Trustee~~")~~ is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

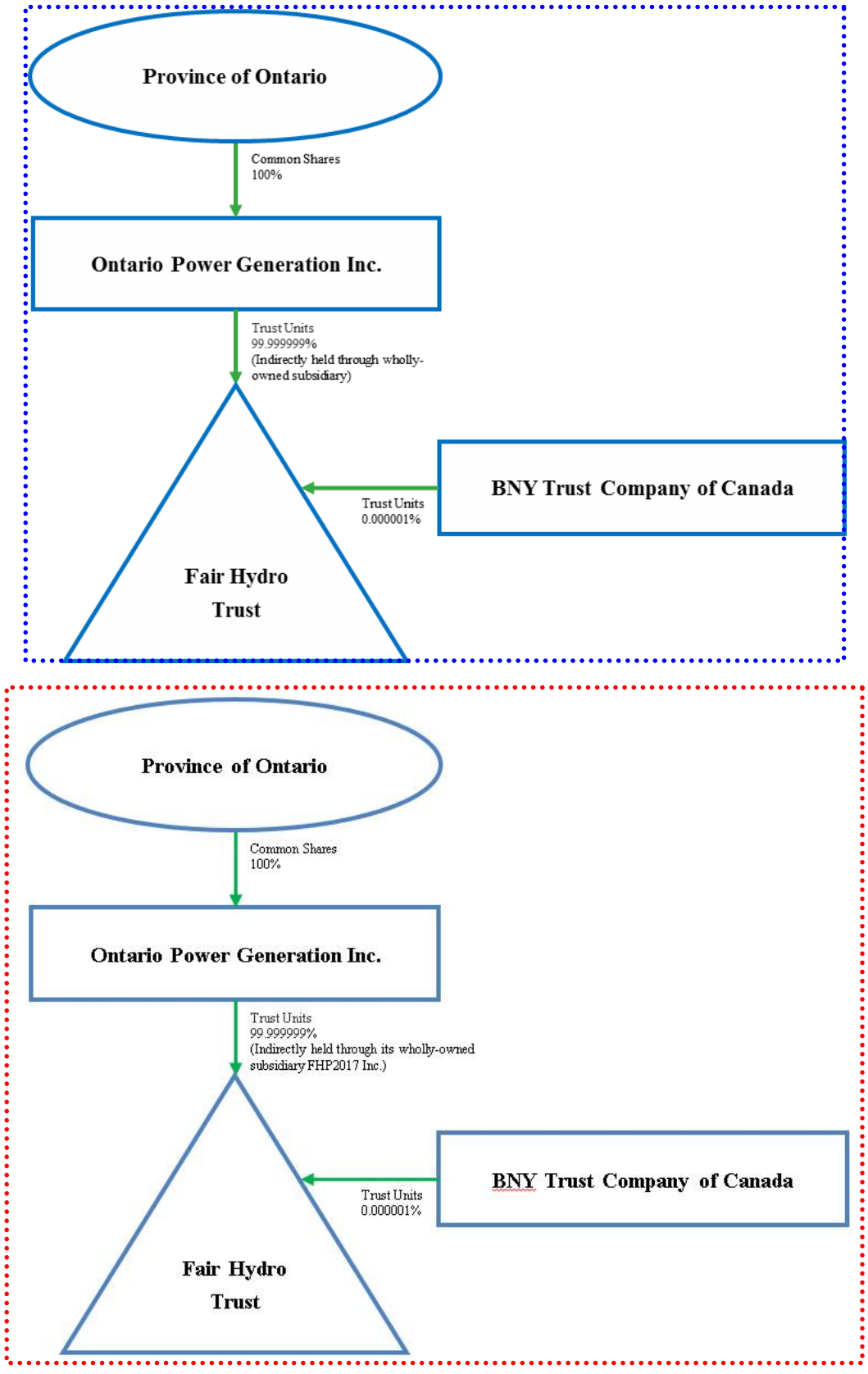

THE MANAGER

~~OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "~~**Pursuant to the** Management Agreement~~") pursuant to which~~**,** the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA ~~and the Regulations~~ when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA-

~~and the Regulations~~, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations,[46] the Manager **(on behalf of the Issuer)** shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA ~~and the Regulations~~, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests ~~in accordance with the FHPA or for the purposes of a Refinancing~~;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval ~~and the Regulations~~, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors – Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and* ***as*** *Manager* ~~*of the Issuer*~~*."*

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory

[46] ~~Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.~~

authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA ~~or the Regulations~~ (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes~~)~~.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

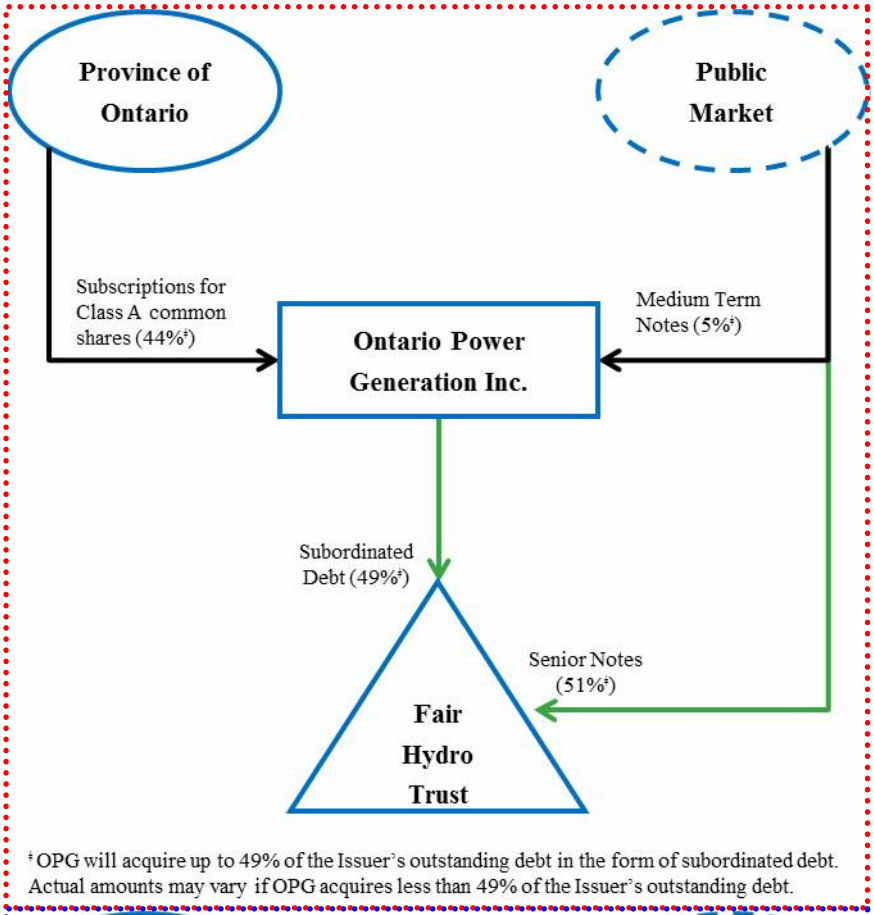

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

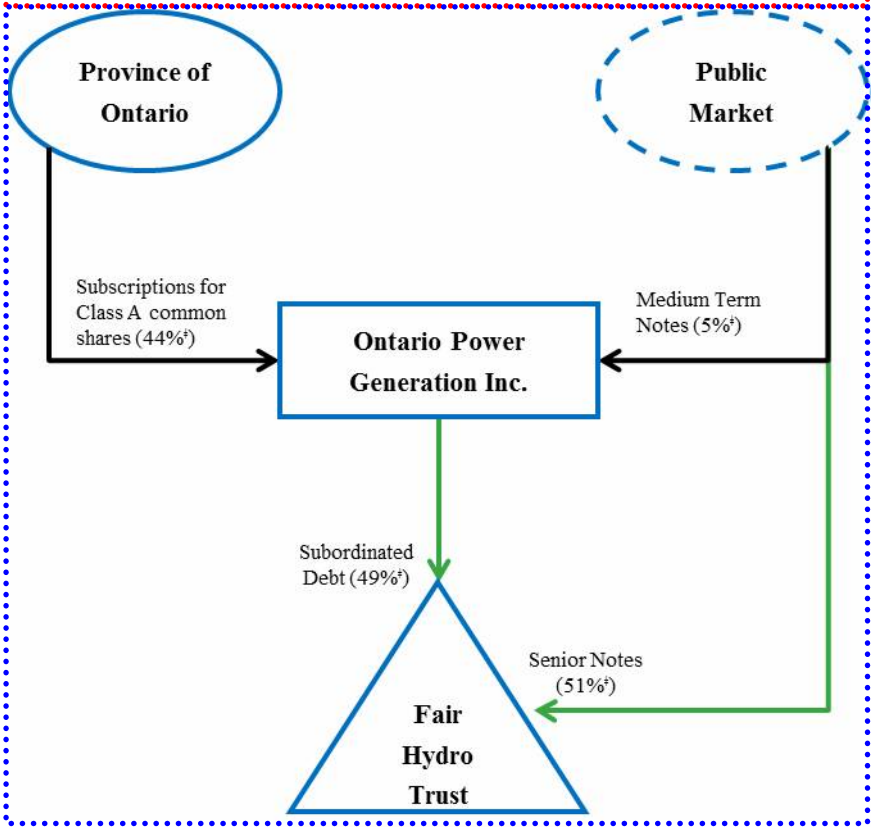

‡ OPG is expected to acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(~~i~~a) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(~~ii~~b) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(~~iii~~c) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest ~~from the IESO~~ on December 21, 2017.

THE TRANSFEROR AND SERVICER

~~The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "~~**Pursuant to the** Master Transfer and Servicing Agreement~~") pursuant to which~~**,** the IESO may periodically ~~transfer~~**Transfer** specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to ~~transfer~~**Transfer** to the Issuer ~~its right, title and interest in, to and under~~ a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of ~~collecting~~**receiving** the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts ~~collected~~**received** in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on ~~a monthly basis~~**the 18th business day of each month**, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) ~~forecasting the electricity consumption of Specified Consumers and~~ providing ~~such~~ forecast information to the OEB and the Issuer.

~~While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.~~**The** IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions. **The Master Transfer and Servicing Agreement provides for various limitations on the duties and responsibilities of the IESO including that: (i)** the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that **Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, (ii) the IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Investment Interest, the collectability of the Clean Energy Adjustment or that Clean Energy Adjustment amounts received will be sufficient to satisfy the Issuer's Funding Obligations, (iii) the IESO shall have no liability or responsibility to any person in respect of any forecasts or other information provided, provided only that such forecasts or other information has been prepared and provided in good faith and (iv) the IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from Specified Consumers or not remitted by Electricity Vendors to the IESO.**

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA ~~and the Regulations~~ when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[47] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO

[47] ~~**Note:** Please confirm.~~

under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA ~~or the Regulations~~, including its obligation to pay the Issuer's Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[48] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ~~■, 20■,~~ **September 30, 2022,** which is permitted to be used to pay the Issuer's Carrying Costs.

As security for the performance of its obligation to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all ~~of its~~ accounts receivable~~, which includes the amounts receivable by the IESO~~ **owing to the IESO from Electricity Vendors, including amounts owing** with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in ~~a~~**the** variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for ~~transfer~~**Transfer** to the Issuer in a subsequent period~~, and, upon~~**. Upon** completion of such ~~transfer, shall become part of~~**Transfer,** the Issuer~~'s~~ **will acquire an** Investment Interest pursuant to the ~~Regulations~~**FHPA**.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors **or such other number as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition**.

[48] ~~**Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.~~

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA ~~or the Regulations~~ (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions",* "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise

of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior

Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the ~~United States~~ Internal Revenue Code ~~of 1986,~~, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without

preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[49]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

[49] ~~**Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).~~

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO. **Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes.**

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the

applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "— *Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "— *IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. **Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes.** Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual

Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral~~,~~ and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "— *Conditions Precedent to Incurrence of Obligations Secured* —

Issuer Funding Obligations". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel,[50] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

[50] ~~**Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.~~

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;
- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;
- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;
- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;
- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;
- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;
- facilitate the issuance of foreign currency Issuer Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not

reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.[51]

[51] ~~**Note:** Please consider tracking the specific terms of section 6.1 of the General Regulation, and add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and Risk Factors.~~

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF SENIOR NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this *"Description of ~~the~~ Senior Notes"* section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;

- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;

- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;

- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;

- the Principal Accumulation Date(s)**, if any,** and Principal Accumulation Amount(s) for such Series of Senior Notes;

- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;

- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

- any events of default with respect to such Series or Tranche of Senior Notes;

- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;

- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not ~~be~~ insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term

Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the ~~Principal Accumulation Date(s)~~**Payment Dates on which such amount are to be accumulated** for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than ~~a~~**an expected** Principal Payment Date if an optional redemption occurs and may receive principal payments later than ~~a~~**an expected** Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on ~~a~~**an expected** Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions

of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "~~Depository~~**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the ~~Depository~~**depository** or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the ~~Depository~~**depository** evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the ~~Depository~~**depository** except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The ~~Depository~~**depository** will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the ~~Depository~~**depository** or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the ~~Depository~~**depository** or those contained in this confidential shelf offering memorandum and relating to the rules governing the ~~Depository~~**depository** or any action to be taken by the ~~Depository~~**depository** or at the direction of its Participants. The rules governing the ~~Depository~~**depository** provide that it acts as the agent and ~~Depository~~**depository** for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the ~~Depository~~**depository** in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the ~~Depository~~**depository** notifies the Issuer in writing that the ~~Depository~~**depository** is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the ~~Depository~~**depository** or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the

Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA ~~or the Regulations~~ and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA~~, the Regulations~~ or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA ~~or the Regulations~~.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA ~~or the Regulations~~ will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit ~~was~~**were** successful, and an

invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA~~, the Regulations~~, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA ~~or the Regulations~~ should no longer be law in Ontario or that the FHPA ~~or Regulations~~ should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA ~~or the Regulations~~ referenced in the previous paragraph were amended or ~~revoked~~**repealed** through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the ~~Province of Ontario~~**Crown, nor may an order for execution or attachment be made against the Crown**, although the remedy of damages is available.[~~52~~] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against*

[~~52~~] ~~**Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.~~

the Crown Act (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[53]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. ***Amounts paid by the IESO are not available to pay principal on the Senior Notes.***

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment **by the Issuer** of interest on the Senior Notes, and the Issuer must rely for payment of all of its ~~other~~ Carrying Costs, ~~solely~~ upon the IESO who is obligated under the Regulations to pay these Carrying Costs. **The amounts paid by the IESO cannot be applied on account of principal on the Senior Notes.** The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ~~■, 20■~~ **September 30, 2022,** which ~~is permitted to~~**can** be used to pay the Issuer's Carrying Costs. ~~*[NTD: IESO credit facility description to be confirmed.]*~~[54] There can be no assurance that the IESO will continue to have sufficient funds available to pay ~~interest on the Senior Notes or to pay~~ the Issuer's ~~other~~ Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay ~~interest on the Senior Notes or~~ the Issuer's ~~other~~ Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising

~~[53] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".~~

~~[54] **Note:** Is there any other information to be added apart from the expiry date?~~

certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO ~~under the Master Transfer and Servicing Agreement~~.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment **by the Issuer** of interest on the Senior Notes, and the Issuer must rely for payment ~~of all~~ of its ~~other~~ Carrying Costs, ~~solely~~ upon the IESO who is obligated under the Regulations to pay these Carrying Costs. **Amounts paid by the IESO are not available to pay principal on the Senior Notes.** After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA ~~and the Regulations~~.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event ~~and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand~~. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~limited recourse~~**nonrecourse** obligations, secured only by the collateral. ~~See "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*".~~ Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt~~, liability~~ or ~~other~~**general** obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. **However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.**

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA ~~and the Regulations~~, rights to enforcement of the FHPA~~, the Regulations~~ and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. ~~In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.~~

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See

"Capital Markets Platform – Acceleration and Remedies". The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform ~~--~~ Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse ~~Funding~~ Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring ~~an~~ Investment ~~Interest~~**Interests**. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the ~~transfer~~**Transfer** by the IESO of ~~a~~ specified ~~portion~~**portions** of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, **the Investment Asset will be co-owned by all Financing Entities (including the Issuer) and consequently** Clean Energy Adjustment amounts collected by or for the benefit of the ~~Issuer~~**Financing Entities** will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[55]

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are

[55] ~~**Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.~~

experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA~~, the Regulations~~ and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA~~, the Regulations~~ and the ~~Program Agreements~~**Master Transfer and Servicing Agreement** impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA~~, the Regulations~~ and the ~~Program Agreements~~**Master Transfer and Servicing Agreement**. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA~~, the Regulations~~ and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or ~~forecasting consumption~~**providing forecast information**, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor~~ or the IESO~~ fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager~~ of the Issuer~~.

The FHPA~~, the Regulations~~ **imposes new duties and obligations of OPG, as Financial Services Manager,** and the Program Agreements impose new duties and obligations of OPG, as ~~Financial Services~~ Manager~~ and as Manager of the Issuer~~. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA~~, the Regulations~~ and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA~~ and the Regulations~~, including determining the Clean Energy Adjustment (inclusive of the True-~~Up~~**up** Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated ~~in part~~ based upon a forecast of Specified Consumer usage to be newly developed **based on forecast information provided** by the IESO~~[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] *[Confirm whether the IESO forecast takes into account items noted in square brackets.]*~~. Under the Regulations, the IESO is required to provide ~~to the OEB~~**a** forecast ~~information regarding~~**of** electricity consumption of Specified Consumers. The amount ~~and the rate~~ of the Clean Energy Adjustment **collected in any period** will depend in part on actual electricity usage **by Specified Consumers** and the amount of collections and write-offs for Specified Consumers.[56] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. ~~Neither the~~**The** FHPA ~~nor the Regulations~~**does not** require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information ~~to the IESO~~ regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in ~~the~~ FHPA ~~and the Regulations~~. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. ~~For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.~~

~~[56] **Note:** Please confirm.~~

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[57] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-**up** Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes**.**

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee~~, for itself and on behalf of the holders of Senior Notes and other creditors,~~ only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee~~, for itself and on behalf of the holders of Senior Notes and other creditors,~~ only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to ~~indemnify holders of Senior Notes~~**provide indemnification**, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach~~ and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.~~

~~[57] **Note:** Please confirm source/ conform to wording in FHPA.~~

~~*Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.*~~~~The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes~~.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be

borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

*If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the ~~transfers between~~**Transfers of specified portions of the Regulatory Asset by** the IESO~~ and the Issuer pursuant to the Master Transfer and Servicing Agreement~~ may not be respected as true sales of the ~~Investment Interest~~**Regulatory Asset**.*

Ordinarily, the interests of the Issuer as ~~transferee~~**acquirer** of ~~the~~**an** Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time ~~an Investment Interest is transferred~~**the corresponding Regulatory Asset was Transferred** to the Issuer~~, which~~**. This** could reduce the amounts that may be available to the Issuer **in respect of the Investment Interest** and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the ~~transfer~~**Transfer of the Regulatory Asset** to a Financing Entity ~~under the FHPA~~, such ~~transfer~~**Transfer** shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the ~~transfer~~**Transfer** and the property rights and interests acquired by the ~~transferee~~**Transferee** shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The ~~IESO will treat the transactions described herein as a transfer~~**Transfers** of the Regulatory Asset to the Issuer~~. Such transfers~~ will be made in accordance with ~~Section~~**section** 26 of the FHPA. Section 27(1) of the FHPA provides that a ~~transfer~~**Transfer** of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the ~~transferee. As a transfer~~**Transferee. Therefore**, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the ~~Investment Interest~~**Regulatory Asset**. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

*If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO **or such Electricity Vendor** may be significantly impaired or delayed.*

~~While the IESO is the servicer under~~**Under** the Master Transfer and Servicing Agreement, collections ~~held~~**received** by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding

under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the ~~FHPA~~***Fair Hydro Act, 2017* (Ontario)**, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, ~~2017,~~[58]**2017* (Ontario),** in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws ~~would~~ generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

~~[58] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).~~

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior

Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a

foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority

to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents

to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"~~Description of Senior Notes — Reporting Requirements of Senior Notes~~**Capital Markets Platform — Covenants of the Issuer — Financial Statements; Statement as to Compliance**"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which

case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed

to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person

had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

(ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent

to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

~~*[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]*~~

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" ~~means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*~~**has the meaning set out on page (ii) of this confidential shelf offering memorandum**.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means ~~CDS Clearing and Depository Services Inc~~**has the meaning set out on page (ii) of this confidential shelf offering memorandum**.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"Change of Law Protection Agreement" means the change of law protection agreement dated as of December 21, 2017 among the Province, the Issuer and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(b)

(i) renewable energy generation or capacity;

(ii)

(iii) conservation and demand management;

(iv)

(v) energy storage;

(vi)

(vii) energy efficiency; and

(viii)

(ix) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(x)

(c) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(d)

(e) such other costs or estimated costs as may be prescribed by the Regulations.

(f)

"**Clean Energy Initiative**" means the policies of the ~~Government of~~ Ontario **government** related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b)

(c) removing barriers to and promoting opportunities for clean and renewable energy sources and

technologies;

(d)

(e) promoting conservation, demand management and energy efficiency; and

(f)

(g) investing in energy infrastructure to ensure a clean, modern and reliable system.

(h)

"**Clearstream, Luxembourg**" ~~means~~**has the meaning set out under *"Depository Services . — DTC, Euroclear and* Clearstream ~~Banking, société anonyme~~*, Luxembourg"**.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" ~~has the meaning set out under *"The Issuer"*~~**means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as amended, supplemented, restated or otherwise modified from time to time**.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"~~**Depository**~~**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" ~~means The Depositary Trust Company~~**has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"***.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b)

(c) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(d)

(e) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(f)

(g) such other person as may be prescribed by the Regulations.

(h)

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the

Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" ~~means Euroclear Bank S.A./N.V., as operator of the~~**has the meaning set out under *"Depository Services . — DTC, Euroclear System and Clearstream, Luxembourg"***.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[59]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[60]

"**FHPA**" ~~means~~**has** the ~~*Ontario Fair Hydro Plan Act, 2017*~~.**meaning set out on the face page of this confidential**

[59] ~~**Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.~~

[60] ~~**Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.~~

shelf offering memorandum.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" ~~means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder~~has the meaning set out on the face page of this confidential shelf offering memorandum.[61]

"**Financing Entity**" has the meaning set out ~~under *"Ontario's Fair Hydro Plan — Background"*~~on the face page of this confidential shelf offering memorandum.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

~~"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.~~

~~"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any credit enhancement agreement or any derivative agreement.~~

"**Funding ~~Rebate~~Obligations**" has the meaning set out ~~under *"Ontario's Fair Hydro Plan — Investment Interest"*~~on the face page of this confidential shelf offering memorandum.

"Funding Obligation Agreement" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all

[61] ~~**Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.~~

settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on ~~the face~~ page **(iii)** of this confidential shelf offering memorandum.

"**Issuer**" ~~means Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario~~**has the meaning set out on the face page of this confidential shelf offering memorandum**.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" ~~has the meaning set out under *"The Manager"*~~**means the management agreement dated as of December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time**.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" ~~means *The Securities Act* (Manitoba)~~**has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Manitoba"***.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

~~"**MW**" means megawatts.~~[62]

"**NI 31-103**" ~~means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*~~**has the meaning set out on page (ii) of this confidential shelf offering memorandum**.

"**NI 45-106**" ~~means National Instrument 45-106 — *Prospectus Exemptions*~~**has the meaning set out on page (ii) of this confidential shelf offering memorandum**.

"**NL Act**" ~~means the *Securities Act* (~~**has the meaning set out under *"Statutory Rights of Action — Rights for***

~~[62] **Note:** Definition not used.~~

Purchasers in Newfoundland and Labrador).".

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to**has the meaning set out on page (ii) of** this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada**has the meaning set out under *"Representations and Agreements of Purchasers"***.

"**OPA**" means Ontario Power Authority**has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO***.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry*

Participants — The IESO".

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date ~~occurring on or after the Principal Accumulation Date for such Series~~, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates ~~after the Principal Accumulation Date for such Series~~ which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected

by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

~~"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.~~

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b)

(c) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(d)

(i) every six-month period following the period mentioned in (a);

(ii)

(iii) any period shorter than six months, as may be prescribed by the Regulations.

(iv)

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" ~~means *The Securities Act, 1988* (~~**has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in* Saskatchewan~~)~~***"***.

"**Section 130.1**" ~~means section 130.1 of the *Securities Act* (Ontario)~~**has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Ontario"***.

"**Section 150**" ~~means section 150 of the *Securities Act* (~~**has the meaning set out under *"Statutory Rights of Action***

— Rights for Purchasers in New Brunswick)".

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

~~"**Subrogation Amounts**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.~~

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"Transfer" has the meaning specified in the *Ontario Fair Hydro Plan Act, 2017*, and "Transferred" and "Transferee" shall have corresponding meanings.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" ~~means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee~~**has the meaning set out under *"The Issuer"***.

"U.S. Securities Act" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

INDEX

"Acceleration Event" 95
"Acceleration" 95
"Adherence Compliance Certificate" 28
"Adverse Effect" 41
"Agency Agreement" 67
"Agents" ii
"Approved Obligation" 7, 28
"Available Collections" 45
"Borrowing" 95
"Canadian Insolvency and Restructuring Laws" 69
"Carrying Costs" 95
"CDS" ii
"Certified Primary Obligation" 7, 28
"Change of Law Protection Agreement" 95
"Class" 43
"Clean Energy Adjustment" 21
"Clean Energy Benefits" 95
"Clean Energy Costs" 96
"Clean Energy Initiative" 96
"Clearstream, Luxembourg" 66
"Collateral" 44
"Collection Account Waterfall" 47
"Collection Account" 44
"Commissions" 82
"Confidential Information" vii
"Controlling Class Creditors" 96
"Controlling Class Obligations" 96
"Co-Owner Agreement" 97
"DBRS" 97
"Debtholder Group" 57
"Debtholder" 97
"Declaration of Trust" 97
"Default" 97
"depository" 65
"Derivative Counterparty" 97
"Derivative Funding Obligations" 97
"DTC" 66
"Electricity Vendor" 97
"Eligible Deposit Account" 44
"Eligible Institution" 97
"Eligible Investments" 97
"Eligible Securities Account" 44
"Euroclear" 66
"Event of Default" 58
"Extraordinary Resolution" 57
"Fair Adjustment" 19
"Fair Allocation Amount" 24
"FHPA" i
"Finance Amount" 21
"Financial Services Manager" i
"Financing Entity" i
"Financing Plan" 99
"Funding Obligation Agreement" 99
"Funding Obligations" i

"Governmental Authority" 99
"HOEP" 19
"IESO Cash Reserve Account" 45
"IESO Cash Reserve Deposit Amount" 99
"IESO Cash Reserve Required Amount" 99
"IESO Security Agreement" 99
"IESO" 2, 99
"Indemnity Agreement" 100
"Indenture Trustee" 100
"Indenture" 100
"Interest Accrual Amount (Junior Subordinated)" 100
"Interest Accrual Amount (Senior)" 100
"Interest Accrual Amount (Subordinated)" 100
"Interest Accumulation Account" 45
"Interest Payment Date" 100
"Investment Asset" 21
"Investment Interest" 21
"Investor Presentation" iii
"Issuer Accounts" 44
"Issuer Funding Obligation" 100
"Issuer Trustee" 100
"Issuer" i
"Junior Subordinated Funding Obligations" 100
"Junior Subordinated Notes, Series 2017-1" 36
"LDCs" 18
"Lender" 101
"Limited Guarantee" 8, 25
"Management Agreement" 101
"Manager" 101
"Manitoba Act" 91
"Master Agreement" 101
"Master Transfer and Servicing Agreement" 101
"Master Trust Indenture" 101
"Material Effect" 29
"Moody's" 101
"Moratorium Period" 3, 23
"MTSA Acknowledgement" 101
"NI 31-103" ii
"NI 45-106" ii
"NL Act" 93
"Non-Investment Grade Rated Electricity Vendor" 37
"Note" 101
"Noteholders" 101
"Obligations Secured" 101
"OEB" 102
"Offering Jurisdiction" 79
"Offering" ii
"OPA" 17
"OPG" i, 1, 102
"Ordinary Resolution" 57
"Participants" 65
"Paying Agent" 102
"Payment Date" 102
"Person" 102
"Post-Suspension Refinancing" 29
"Pre-Approved Refinancing" 29

"Predecessor IESO" 17
"Primary Obligation" 28
"Principal Accumulation Account" 45
"Principal Accumulation Amount" 102
"Principal Accumulation Date" 102
"Principal Payment Date" 103
"Principal Payment Default Date" 103
"Program Account" 103
"Program Agreements" 103
"Program Cash Reserve Account" 45
"Program Cash Reserve Required Amount" 103
"Protection Account" 45
"Protection Event" 7, 26
"Rating Agency Condition" 39
"Rating Agency" 103
"Reference Period" 103
"Refinancing Account" 45
"Refinancing" 103
"Regulated Price Plan" 19
"Regulations" 104
"Regulatory Asset" 2, 20
"Required Principal Accumulation Amount (Senior)" 104
"Required Principal Accumulation Amount (Subordinated)" 104
"RPP" 19
"Saskatchewan Act" 85
"Section 130.1" 84
"Section 150" 89
"Securities Account" 46
"Senior Funding Obligation" 104
"Senior Notes, Series 2017-1" 35
"Senior Notes" i
"Series Account" 104
"Series Capital Reserve Account" 46
"Series Finance Reserve Account" 46
"Series" 104
"Servicer Default" 104
"Servicer" 104
"Specified Consumer" 19
"Specified Creditors" 105
"Subordinated Funding Obligations" 105
"Subordinated Notes, Series 2017-1" 35
"Supplemental Indenture" 105
"Suspension Event" 29
"Suspension Notice" 29
"Term Sheet" i
"Terms Document" 105
"Tranche" 105
"transaction" 53
"Transfer" 105
"True-up Amount" 3
"U.S. Securities Act" i
"Unitholders" 30
"Warehouse Facilities" 35
"Warehouse Obligations" 106

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on January-17-18 1:28:55 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\23287504-v7-Fair Hydro OM - Comments of the Province.DOCX
Description	23287504-v7-Fair Hydro OM - Comments of the Province
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Insertion	
~~Deletion~~	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	584
Deletions	616
Moved from	10
Moved to	10
Style change	0
Format changed	0
Total changes	1220

From:	VINER, JON
To:	Ramchandani, Rima; LEE John -TREASURY; "ken.ryfa@opg.com"; WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Mansoori, Nina; Saulnier, Brett
Cc:	Thouin, Alena (ENERGY); Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mike Manning; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Mark Donaldson (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan; Huang, Jackson (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); Gadi Mayman
Subject:	RE: Fair Hydro Trust - Disclosure Documents
Date:	Tuesday, January 16, 2018 1:16:25 PM
Attachments:	23287504-v7-Fair Hydro OM - Comments of the Province.DOCX 12928826-v2-Form of Series 2018-1 Senior Notes Term Sheet (Fair Hydro Trust).DOCX

Hi Rima,

Please find the Word versions of the comments on the OM and Term Sheet attached.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Tuesday, January 16, 2018 1:14 PM
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Cc: Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Mike Manning; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Mark Donaldson (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan; Huang, Jackson (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); Gadi Mayman (Gadi.Mayman@ofina.on.ca)
Subject: RE: Fair Hydro Trust - Disclosure Documents

Thanks very much Jon. Are you able to send us the Word versions of the OM and Term Sheet reflecting your comments as well (that may facilitate a speedier turn on our end and will also allow us to send you a blackline back to your drafts).

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
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Subject: Fair Hydro Trust - Disclosure Documents

All,

Please find attached the Province's comments on the offering memorandum, investor presentation and term sheet. We do not have comments on the additional documents circulated on January 5th.

Please let us know if you would like to discuss.

Kind regards,
Jon

Jon Viner
Associate
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———————————

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The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement

January ■, 2018

FAIR HYDRO TRUST

Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust governed by the laws of the Province of Ontario, established by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See "*Change of Law Protection Agreement*". The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*" and "*Risk Factors*".

[1] **Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.

[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly,

purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA viii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 17
ONTARIO'S FAIR HYDRO PLAN 20
CHANGE OF LAW PROTECTION AGREEMENT 27
THE ISSUER 32
THE MANAGER 34
SUBORDINATED DEBT 36
SHORT TERM INDEBTEDNESS 37
THE TRANSFEROR AND SERVICER 38
CREDIT RATINGS 40
RATING AGENCY CONDITION 40
CAPITAL MARKETS PLATFORM 41
DESCRIPTION OF NOTES 65
DEPOSITORY SERVICES 68
PLAN OF DISTRIBUTION 69
RISK FACTORS 70
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 83
LANGUAGE OF DOCUMENTS 87
RESTRICTIONS ON RESALE 87
REPORTING REQUIREMENTS 88
STATUTORY RIGHTS OF ACTION 88
INDENTURE TRUSTEE 98
LEGAL MATTERS 98
GLOSSARY 99
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 111
EXHIBIT 1 112

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

[3] **Note:** Please complete.

[4] **Note:** Please complete.

- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement"*.
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations.[8] The

[6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

	Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10] Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods.

The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a

Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, 2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement,[14] the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

[14] **Note:** Not sure how this lines up with fee recovery.

the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[15]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][16], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Consumers in respect of such period, based

[15] **Note:** Add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and specifically address in Risk Factors.

[16] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

on forecast information provided to the OEB by the IESO. See *"—Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][17], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][18] until remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[19] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[20] It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[21]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations;

[17] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.

[18] **Note:** Please see note 17.

[19] **Note:** Please see note 17.

[20] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.

[21] **Note:** Please confirm.

negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See "*The Manager*".

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See "*The Manager*".

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][22], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][23] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][24] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See "*The Transferor and Servicer.*"

[22] **Note:** Please see note 17 regarding bracketed references to the "Issuer" in this paragraph..

[23] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

[24] **Note:** Please confirm.

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market

undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be

entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination

event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[25] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[26]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding

[25] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.

[26] **Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.

Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA.[27] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

[28] The Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the [ability to accelerate][29] their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the

[27] **Note:** We have omitted narrative regarding the purposes of the legislation that is not a strict recital of section 3 of the FHPA. The deleted language is not precise and draws a connection to clean energy benefits that is not in the FHPA nor entirely accurate.

[28] **Note:** Fair allocation amount is a calculation amount. It is not based on an expectation – it is an absolute value at a point in time. We recommend deleting this language as it is inappropriate.

[29] **Note:** CEAs will automatically step up at the original maturity date without the need to accelerate assuming a refinancing cannot be completed.

	aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of

the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated

obligations;

- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such

	Offering.
Purchase for Cancellation:	The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.
Distribution Method:	The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power

turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers,

acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:[30]

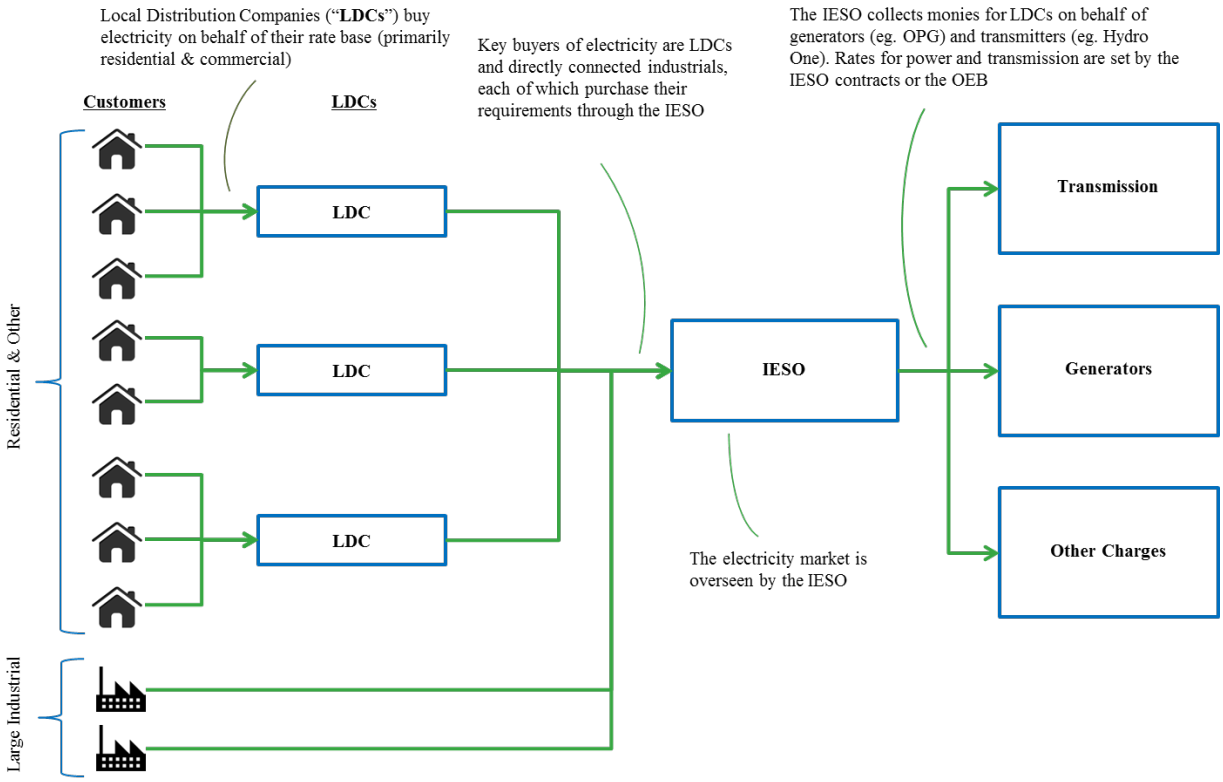

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the Global Adjustment charge.

[30] **Note:** Proposed revisions to the text in the chart: (i) "The electricity market is ~~overseen~~ administered by the IESO"; (ii) "~~Rates for power and transmission are set by the IESO contracts or the OEB~~ Prices paid to generators are determined by IESO contracts or approved by the OEB. Transmission rates are approved by the OEB."

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is paid by all consumers. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all Specified Consumers[31] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities in this regard, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered commodity prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[32] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][33]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will be the rates that result in a representative consumer being charged an invoice amount that is 25%[34] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**") absent Ontario's Fair Hydro Plan.

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

[31] **Note:** Some consumers below 500 kw are not Specified Consumers.

[32] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.

[33] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.

[34] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government and the shifting of certain support program costs from the rate base to the tax base.

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated its intention that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[35] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, in accordance with the FHPA, the IESO is not entitled to collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

[35] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover its "Finance Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[36]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[37] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

[36] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be warranted here.

[37] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FHPA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) for any period before May 1, 2021, amounts received during the period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during the preceding Reference Periods. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Creditors in respect of such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[38] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[39] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[40] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and

[38] **Note:** Please see note 17 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).

[39] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.

[40] **Note:** Please confirm.

remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][41] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

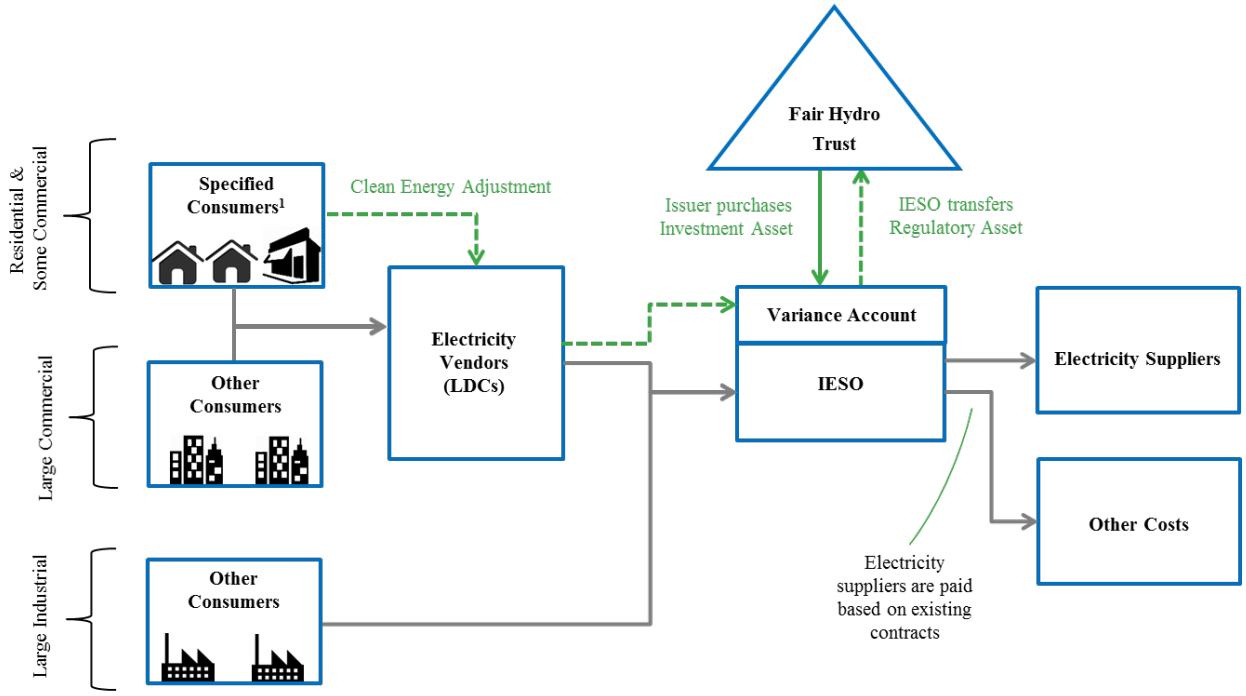

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[42] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided

[41] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

[42] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[43] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[44] The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

[43] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.

[44] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General Regulation under the FHPA (in effect as at December 21, 2017)][45], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not

[45] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding

utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection

with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust governed by the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

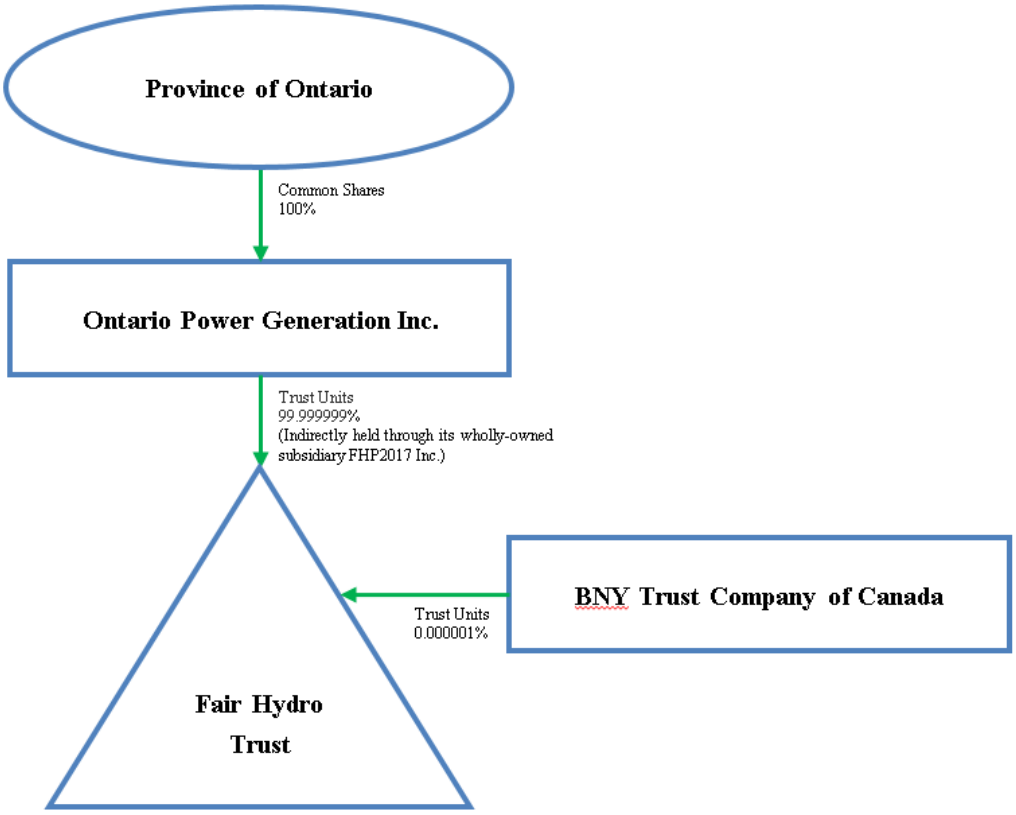

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment

amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, [46] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors − Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer

[46] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

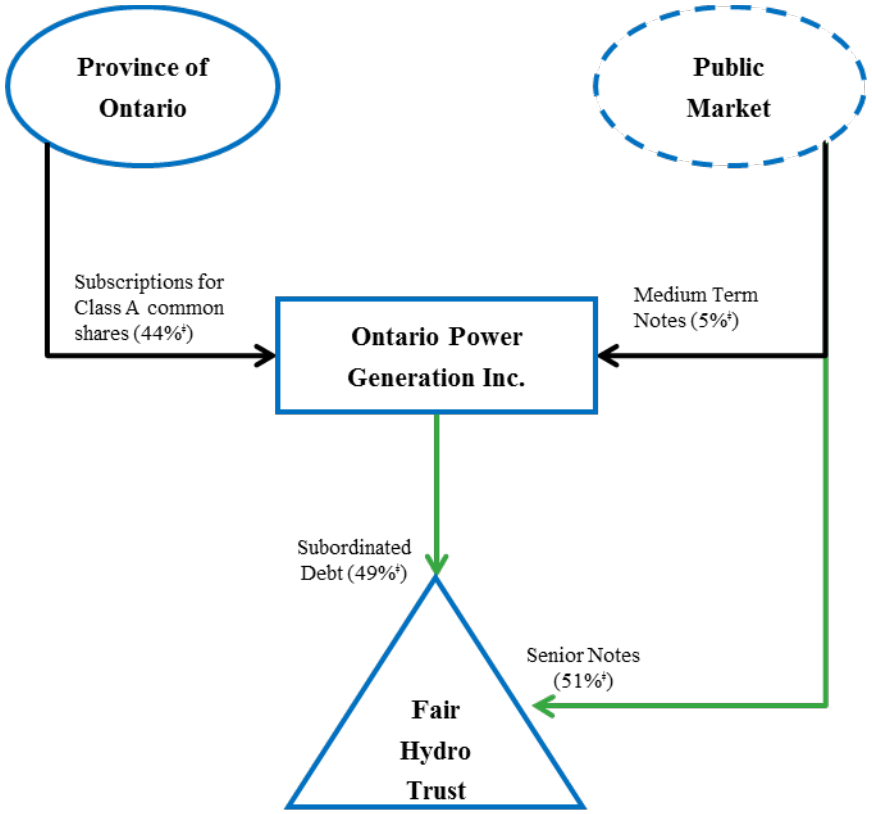

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[47] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[48] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs.

As security for the performance of its obligation to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

[47] **Note:** Please confirm.

[48] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the

taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See "*— Subordination Provisions*", "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and

- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under

"*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[49]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the

[49] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will

be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual

Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "*— Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series

Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under “The Issuer”.

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may

only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "*— Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel,[50] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from

[50] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not

reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of

acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See "*Capital Markets Platform*".[51]

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts

[51] **Note:** Please consider tracking the specific terms of section 6.1 of the General Regulation, and add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and Risk Factors.

will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;

- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;

- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;

- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;

- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;

- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;

- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

- any events of default with respect to such Series or Tranche of Senior Notes;

- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;

- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term

Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the

unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**Depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the Depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the Depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the Depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The Depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the Depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the Depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the Depository or any action to be taken by the Depository or at the direction of its Participants. The rules governing the Depository provide that it acts as the agent and Depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the Depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the Depository notifies the Issuer in writing that the Depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the

book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the Depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price

of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any

Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[52] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy

[52] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[53]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[54] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

[53] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[54] **Note:** Is there any other information to be added apart from the expiry date?

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral. See "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*". Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in

principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform – Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[55]

[55] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to

the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[56] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

[56] **Note:** Please confirm.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[57] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power

[57] **Note:** Please confirm source/ conform to wording in FHPA.

lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior

Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form

part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017*,[58] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

[58] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the

Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to

verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited

investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

  (iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

    (A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid

in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to,

bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[59]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[60]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.[61]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in

[59] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[60] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

[61] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[62]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and*

[62] **Note:** Definition not used.

Servicer".

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security —*

Issuer Accounts — Program Accounts — Principal Accumulation Account".

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under "*The Electricity Industry in Ontario — Electricity Prices.*

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amounts**" has the meaning set out under "*Change of Law Protection Agreement — Protection Event*".

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and

the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ●, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Description of Notes" section of the confidential shelf offering memorandum which contains a more detailed description of certain terms of the Series 2018-1 Senior Notes and the master trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January ●, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, Series 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Issue:	●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●
Term:	● years[1]
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●%
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment) versus the CAN ●% due ● (priced at $● to yield ●%)

[1] Please confirm if a single principal payment date is contemplated. Does this need to be reconciled with the "legal final maturity date" concept?

Issue Yield: ●%

Issue Price: $● for each $1,000 principal amount of Series 2018-1 Senior Notes sold.

Agents Commission: **$●**

Net Proceeds: $●

Interest Payment Dates: Interest on the Series 2018-1 Senior Notes shall be payable in equal (except the initial interest payment) semi-annual instalments in arrears on April 15 and October 15 of each year, commencing April 15, 2018 (short first coupon). The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first interest payment date for the Series 2018-1 Senior Notes. The first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes.

If an interest payment date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis.

Principal Accumulation Date(s) and Principal Accumulation Amount(s):

Principal Accumulation Dates	**Principal Accumulation Amounts**
●, 20●	$●

Principal Payment Date(s) and Principal Payment Amount(s):

Principal Payment Date	**Principal Payment Amount**
●, 20●	$●

Principal Payment Default Date: ●, 20●

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means ●, 20●.

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the date of redemption, plus ●% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity

	equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the Par Call Date (calculated from the date of redemption), such yield being expressed as a per annum rate equal to the average of the per annum yields provided by two major Canadian investment dealers specified by the Issuer.
Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under "*Change of Law Protection Agreement*". The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*" *and "Risk Factors"*.
Use of Proceeds:	The net proceeds from the Series 2018-1 Senior Notes Offering will be used as follows: **[(i) to refinance $● of indebtedness of the Issuer originally incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement and (ii) to pay the Series 2018-1 Senior Notes Offering and related costs of the Issuer in an approximate amount of $●. See *"Consolidated Capitalization"*.]**
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	**[CIBC World Markets Inc., Goldman Sachs Canada Inc., RBC Dominion Securities Inc. (as co-leads and co-bookrunners)]**, ●, ●, and ●.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior

statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for:

(i) $● of ●% subordinated notes due ●, Series 2018-1; and
(ii) $● of ●% subordinated junior notes due ●, Series 2018-1.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	Nil
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	**$[1,179,000,000.00][(1)]**	**$[1,179,000,000.00]**
Bank indebtedness……..	Nil	Nil
Total Debt……	**$[1,179,000,000.00][(1)]**	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	**$[1,179,010,000.01][(1)]**	$●

(1) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short-term

debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000 of which, or 10% of all short term debt, represented by Junior Subordinated Notes held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On October 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any

accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, the Issuer had approximately $● billion outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' fee payable by the Issuer

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

From:	Ramchandani, Rima
To:	"VINER, JON"; LEE John -TREASURY; "ken.ryfa@opg.com"; WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Mansoori, Nina; Saulnier, Brett
Cc:	Thouin, Alena (ENERGY); Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mike Manning; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Mark Donaldson (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan; Huang, Jackson (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); Gadi Mayman
Subject:	RE: Fair Hydro Trust - Disclosure Documents
Date:	Tuesday, January 16, 2018 1:14:21 PM

Thanks very much Jon. Are you able to send us the Word versions of the OM and Term Sheet reflecting your comments as well (that may facilitate a speedier turn on our end and will also allow us to send you a blackline back to your drafts).

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
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TORYS LLP[torys.com]

From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: January-16-18 10:48 AM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>
Subject: Fair Hydro Trust - Disclosure Documents

All,

Please find attached the Province's comments on the offering memorandum, investor presentation and term sheet. We do not have comments on the additional documents circulated on January 5th.

Please let us know if you would like to discuss.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

———————————

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From:	Saulnier, Brett
To:	VINER, JON; Thouin, Alena (ENERGY); Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mike Manning; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Mark Donaldson (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan; Huang, Jackson (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY); Gadi Mayman
Cc:	LEE John -TREASURY; "ken.ryfa@opg.com"; WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Mansoori, Nina; Ramchandani, Rima; Feldman, Michael
Subject:	RE: Fair Hydro Trust - Disclosure Documents
Date:	Monday, January 22, 2018 12:56:30 PM
Attachments:	Fair Hydro Trust - Confidential Offering Memorandum.DOCX Fair Hydro - Series 2018-1 Senior Notes Term Sheet.DOCX Changed Pages (OM) (Province).pdf Changed Pages (Term Sheet) (Province).pdf

All,

Further to my email below, we've made a few minor changes to the OM and Term Sheet today, both of which are now final. I've attached changed pages showing these changes.

Thanks,
Brett

Brett Saulnier

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TORYS LLP[torys.com]

From: Saulnier, Brett
Sent: January-21-18 3:06 PM
To: 'VINER, JON' <JON.VINER@blakes.com>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Christie, Tim (ENERGY)' <Tim.Christie@ontario.ca>; 'Cayley, Daniel (ENERGY)' <Daniel.Cayley@ontario.ca>; 'Mike Manning' <Mike.Manning@ofina.on.ca>; 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'Mark Donaldson (MOF)' <Mark.Donaldson@ontario.ca>; 'Malle Hanslep (MOF)' <Malle.Hanslep@ontario.ca>; 'Tobias P. Whitfield (MOF)' <Tobias.Whitfield@ontario.ca>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'Ronald Kwan' <Ronald.Kwan@ofina.on.ca>; 'Huang, Jackson (MEDG/MRIS)' <Jackson.Huang@ontario.ca>; 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Lightbody, Ava (ENERGY)' <Ava.Lightbody@ontario.ca>; 'James Rehob (ENERGY)' <James.Rehob@ontario.ca>; 'Gadi Mayman (Gadi.Mayman@ofina.on.ca)' <Gadi.Mayman@ofina.on.ca>
Cc: 'LEE John -TREASURY' <john.s.lee@opg.com>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro Trust - Disclosure Documents

All,

For your records, please find attached the final versions of the offering memorandum, indicative term sheet and investor presentation. I have also attached the latest version of the Agency Agreement, which is final subject to filling in notice information. I have included blacklines of the OM, term sheet and agency agreement against the versions that were last circulated.

Thanks,
Brett

Brett Saulnier

From: Saulnier, Brett
Sent: January-17-18 1:31 AM
To: 'VINER, JON' <JON.VINER@blakes.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro Trust - Disclosure Documents

All,

Please find attached revised versions of the Offering Memorandum and Term Sheet. We have accepted the majority of the Province's comments where appropriate and I have included blacklines of each document against the version circulated by Jon below. The attached also reflect comments received from the IESO and some additional clean-up changes made since the documents were provided to the Province on January 5.

In the interest of time, we are circulating these drafts to all parties concurrently. Accordingly, they remain subject to review and comment by OPG, IESO, the dealers and their respective counsel.

Thanks,
Brett

Brett Saulnier

From: VINER, JON [mailto:JON.VINER@blakes.com]

Sent: January-16-18 10:48 AM
To: LEE John -TREASURY <john.s.lee@opg.com>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Lightbody, Ava (ENERGY) <Ava.Lightbody@ontario.ca>; James Rehob (ENERGY) <James.Rehob@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>
Subject: Fair Hydro Trust - Disclosure Documents

All,

Please find attached the Province's comments on the offering memorandum, investor presentation and term sheet. We do not have comments on the additional documents circulated on January 5th.

Please let us know if you would like to discuss.

Kind regards,
Jon

Jon Viner
Associate
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This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement — January 22, 2018

FAIR HYDRO TRUST

Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (together with the regulations promulgated thereunder, the "**FHPA**"). Under the FHPA, OPG is appointed as financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this

confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended, supplemented, restated or otherwise modified from time to time.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the

investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page 95 of this confidential shelf offering memorandum. An index of defined terms used in this confidential shelf offering memorandum specifying on which page such terms are defined is provided starting on page 107 of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA vii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 16
ONTARIO'S FAIR HYDRO PLAN 20
CHANGE OF LAW PROTECTION AGREEMENT 26
THE ISSUER 31
THE MANAGER 33
SUBORDINATED DEBT 35
SHORT TERM INDEBTEDNESS 36
THE TRANSFEROR AND SERVICER 36
CREDIT RATINGS 39
RATING AGENCY CONDITION 39
CAPITAL MARKETS PLATFORM 39
DESCRIPTION OF SENIOR NOTES 63
DEPOSITORY SERVICES 66
PLAN OF DISTRIBUTION 67
RISK FACTORS 68
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 80
LANGUAGE OF DOCUMENTS 83
RESTRICTIONS ON RESALE 84
REPORTING REQUIREMENTS 84
STATUTORY RIGHTS OF ACTION 85
INDENTURE TRUSTEE 94
LEGAL MATTERS 94
GLOSSARY 95
INDEX OF DEFINED TERMS 107
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 109
EXHIBIT 1 – INVESTOR PRESENTATION 110

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*, *"Subordinated Debt"* and *"Risk Factors"* of this confidential shelf offering memorandum and *"Fair Allocation Amount"*, *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"* and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval of all Series.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO in performing their respective obligations under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Power outages could impair payment of the Senior Notes.
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.
- If any Electricity Vendor or the IESO were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against such Electricity Vendor or the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS, AND THEIR RESPECTIVE REPRESENTATIVES, TO WHOM IT IS TRANSMITTED, SOLELY TO ENABLE SUCH PERSONS TO EVALUATE AN INVESTMENT IN THE NOTES DESCRIBED IN THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM. BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with a future Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer

nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page 95 of this confidential shelf offering memorandum. An index of defined terms used in this summary is provided starting on page 107 of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) or of the IESO. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG, IESO or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See "*— Change of Law Protection Agreement*".
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "FHPA"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[1] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[2] for that period. Under the FHPA, OPG is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA. See "*Ontario's Fair Hydro Plan — Background*".

[1] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[2] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of Series, in one or several Offerings. A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the Master Trust Indenture, as supplemented by a Supplemental Indenture authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a non-share corporation established under the *Electricity Act, 1998* (Ontario). As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy. The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market. Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). Pursuant to the Master Transfer and Servicing Agreement, the IESO may, on a monthly basis, offer to Transfer specified portions of the Regulatory Asset to the Issuer in accordance with the FHPA. See "*The Transferor and Servicer*".
Investment Interest:	Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.
Clean Energy Adjustment:	The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager and will be converted by the OEB into a cent per kWh rate and added to the electricity invoices sent to Specified Consumers. See *"— Statutory Duties of the OEB"* below. The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs (including interest and principal on the Senior Notes), derivative payments, required reserve account deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount will also reflect any historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. Based on the Fair Allocation Amount determined and provided by the Province, from July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment of interest on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*. Amounts so contributed by the IESO are not available to pay principal on the Senior Notes.

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs until July 31, 2021:

The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement, the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest.

As security for the performance of the IESO's obligation under the Regulations to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount & Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See "*— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g.

OEB licensees) in Ontario's electricity market, including the activities of transmitters and distributors as well as the IESO (all of whom are Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided by the IESO to the OEB. See *"The Transferor and Servicer"*.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*The Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA requires Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of the Issuer and any other Financing Entities that may be established, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts and hold such amounts in trust for the benefit of the Financing Entities until remitted to the IESO for the benefit of the Financing Entities (initially, only the Issuer). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required is based on a formula as set out in the Master Transfer and Servicing Agreement and will be equal to: (a) the product of (i) 50% of estimated Clean Energy Adjustment amounts that are to be collected over a twelve-month period by all such non-investment grade rated Electricity Vendors, and (ii) a fraction equal to 45/365 (representing the 45-day period during which funds are expected to be held by such non-investment grade rated Electricity Vendors prior to being remitted to the Issuer); or (b) such

other lesser amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. See *"The Electricity Industry in Ontario — Key Industry Participants — Ontario Power Generation Inc."* and *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of the Financing Entities (of which the Issuer is currently the only one), to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of the Financing Entities (of which the Issuer is currently the only one) and remit such amounts on a monthly basis, subject to daily remittance being required in certain limited circumstances. Pursuant to the Master Transfer and Servicing Agreement, monthly remittances of amounts received in respect of the Clean Energy Adjustment will occur on the 18th business day of each calendar month. In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts and

fulfilling certain additional reporting requirements. Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which includes payments of amounts that are due and payable in respect of Senior Notes), although the amount of the Province of Ontario's payment obligations in a particular period may differ depending on whether an Acceleration has occurred. See *"Change of Law Protection Agreement"*. The Issuer and the Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See "*Capital Markets Platform*".

Generally, an "**Approved Obligation**" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change of Law Protection Agreement.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the Act or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the Act or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and

subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture (in effect as of the date hereof). See *"Capital Markets Platform — Acceleration and Remedies — Rights of Specified Creditors"*.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include

inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including all Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of Clean Energy Costs in proportion to the relative attribution of the value of Clean Energy Benefits among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations

should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation that is issued is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

Use of Proceeds:

The proceeds from each Offering may be used for one or more of the following purposes: (i) to acquire an Investment Interest pursuant to the FHPA and the Master Transfer and Servicing Agreement, (ii) to refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) to pay Offering and related costs of the Issuer and (iv) to fund specific reserve accounts as required.

The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.

Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement

or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for Senior Funding Obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for Subordinated Funding Obligations;
- payments of or accumulations in respect of interest for Junior Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Warehouse Obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for Senior Funding Obligations (other than Warehouse Obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on Senior Funding Obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Subordinated Funding Obligations;
- payment of or accumulations in respect of principal for Junior Subordinated Funding Obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for Subordinated Funding Obligations or Junior Subordinated Funding Obligations);
- replenishment of Series Accounts established for Subordinated Funding Obligations;
- fees and other amounts (other than principal and interest) on Junior Subordinated Funding Obligations;
- replenishment of Series Accounts established for Junior Subordinated Funding Obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on Senior Funding Obligations and payments under derivative agreements (other than termination payments), *pari passu*, then Subordinated Funding Obligations (other than principal) and then Junior Subordinated Funding Obligations (other than principal);
- principal for Warehouse Obligations;
- *pari passu*, principal on Senior Funding Obligations (other than Warehouse Obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for Subordinated Funding Obligations and then Junior Subordinated Funding Obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 units of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior

	Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The following summary of the electricity industry in Ontario does not purport to be comprehensive or definitive. It is a general and high-level overview of the historical context and the current manner in which the industry operates, including how real-time energy supply needs are met.

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydroelectric, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from large generating facilities to local distribution systems and large transmission-connected consumers, as well as to and from inter-jurisdictional entities; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses, as well as the delivery of electricity from small distribution-connected generating facilities, using low voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive wholesale electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes, along with the transmission and distribution system investments needed to support these changes, have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of smaller scale wind and solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be scheduled and dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy by certain domestic loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Most generators in Ontario also have bilateral contracts with the IESO (i.e. power purchase agreements) and one large generator, OPG, receives OEB-regulated prices, or payment amounts, that provide for payments in addition to wholesale market settlements that are paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario). The Province of Ontario is the sole shareholder of OPG and thereby has the power to determine the composition of OPG's board of directors. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold the generation assets of the former Ontario Hydro. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power facility. OPG's mandate is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for a significant portion of the total energy generated and injected into Ontario's electricity transmission system. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for managing the reliability of the provincial transmission system and operating the wholesale electricity markets in Ontario. The OPA was formed to plan the provincial power system and to procure electricity resources. The OPA entered into bilateral power or capacity purchase contracts with generators and other electricity resource providers. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners and is governed by an independent board of directors appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial administrative tribunal and public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors. The IESO and distributors are Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures affecting regulated assets and regulated entities, such as distributors and transmitters. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, as well as institutions such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB.

The following diagram depicts the flow of funds between the key industry participants:

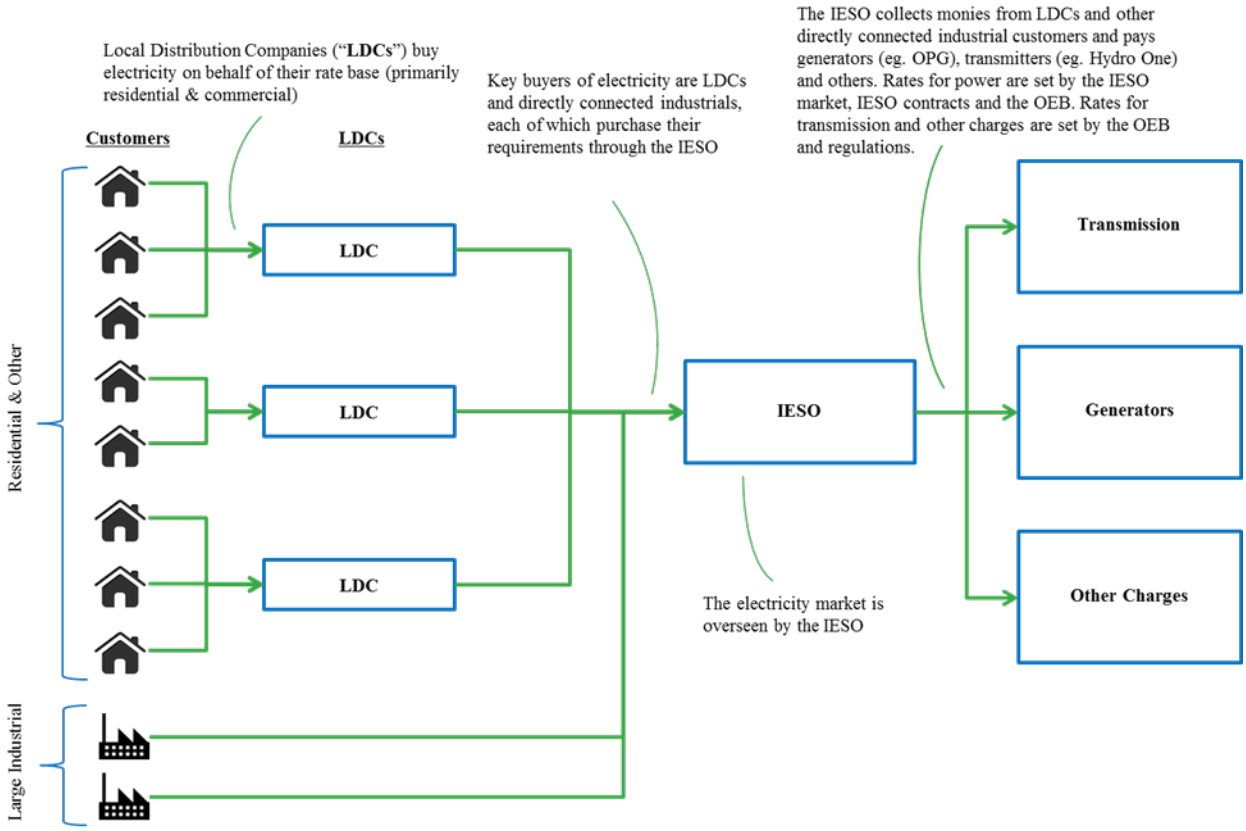

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the global adjustment charge.

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is established monthly by the IESO in accordance with regulations and is the amount of money necessary to pay certain other costs to generators and other suppliers that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to OPG pursuant to OEB-established payment amounts.

Prior to the FHPA being passed, the amount collected generally over an annual basis by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's current payables to generators and other electricity resource suppliers, subject to certain periodic true-ups, fees and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices primarily for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months by the OEB based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most

Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from an OEB-licensed retailer pursuant to a retail contract that provides a rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the FHPA. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[3] less than the rate that would otherwise have been determined by the OEB for that period absent Ontario's Fair Hydro Plan (such adjustment, together with the further adjustments described below in this section, the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

[3] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more Financing Entities to incur Funding Obligations to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, the amounts charged to the IESO by the Issuer in respect of the Carrying Costs of the Issuer, when applicable, and certain other amounts in a variance account. The IESO has the right, exercisable in accordance with the FHPA, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The FHPA provides that the OEB shall, from time to time and in accordance with the Regulations, determine and set rates payable by Specified Consumers to allow for the IESO to recover the balance recorded in the variance account and that the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from Specified Consumers before May 1, 2021. The IESO may, in accordance with the FHPA, Transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that gives rise to the Regulatory Asset and, as an owner of the Investment Interest, will be entitled to recover its Finance Amount (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest by accepting a Transfer of the corresponding specified portion of a Regulatory Asset, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the Transfer of a specified portion of the Regulatory Asset from the IESO, such Transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Financing Entities that own an Investment Interest (among other things):

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment,

including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers to cover the cost of financing the shortfall that gives rise to the Regulatory Asset. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer , or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that are payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a Funding Obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) amounts received during the period in respect of Carrying Costs;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. The True-up Amount is comprised of the cumulative Finance Amounts in respect of all preceding Reference Periods less the cumulative Clean Energy Adjustment amounts remitted to the Issuer in respect of all preceding Reference Periods plus other anticipated shortfalls. The True-up Amount will also reflect any historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period by (ii) a forecast of electricity consumption of Specified Consumers in respect of such period based on forecast information provided by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the Financing Entities (of which the Issuer is currently the only one), amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the Financing Entities (of which the Issuer is currently the only one) until remitted

to the IESO for the benefit of the Financing Entities (of which the Issuer is currently the only one). If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received to the Clean Energy Adjustment and the other amounts payable under the particular invoice in the manner set out in the FHPA. It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay to the Issuer under the Regulations during such period. See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

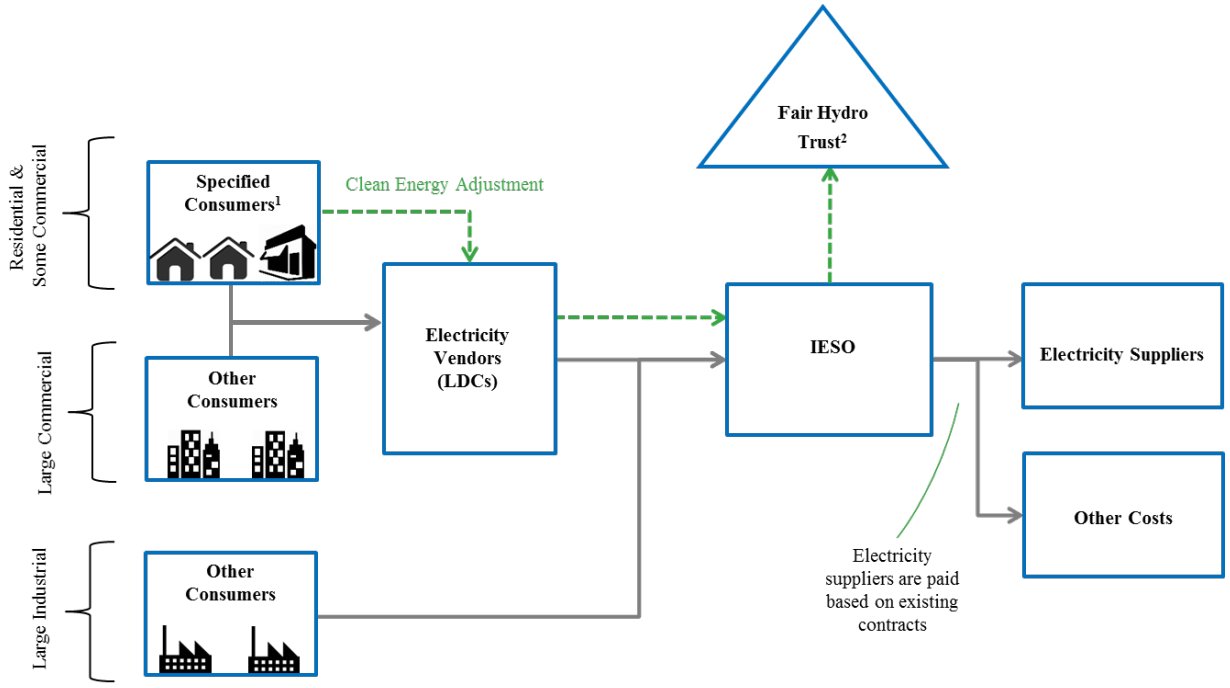

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, once applicable, directly to the IESO.

[2] Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer for a corresponding purchase price. Upon completion of a Transfer by the IESO of a specified portion of the Regulatory Asset following payment by the Issuer of the corresponding purchase price, the Issuer will acquire an Investment Interest.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers. Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA. Notwithstanding the above, the FHPA provides that each Funding Obligation that is issued is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Payment of Carrying Costs until July 31, 2021

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. The IESO, which is rated A(high) by DBRS and Aa2 by Moody's, is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs incurred in respect of the period from June 1, 2017 to July 31, 2021. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes). The amounts paid by the IESO to the Issuer to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset that the IESO is expected to Transfer to the Issuer in a subsequent period. Upon such Transfer, the Issuer will acquire a corresponding Investment Interest pursuant to the FHPA.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer. Furthermore, as security for the performance of its obligations under the Regulations to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account. The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period, divided by the number of months in such Reference Period. See *"Capital Markets Platform — Acceleration and Remedies — Limitation on Available Amounts on Acceleration"* for a description of the amounts that would be available to be paid under the Master Trust Indenture in such circumstances.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Senior Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the Act or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the Act or any portion thereof, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued, provided that for purposes of determining voting rights with respect to Notes, Notes in which the Province of Ontario has an interest will be deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

It will be a condition to any Offering of Senior Notes that such Senior Notes constitute Approved Obligations under the Change of Law Protection Agreement.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the

Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, including the Senior Notes.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document to which the Limited Guarantee applies and which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Issuer Trustee is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See "*The Manager.*"

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

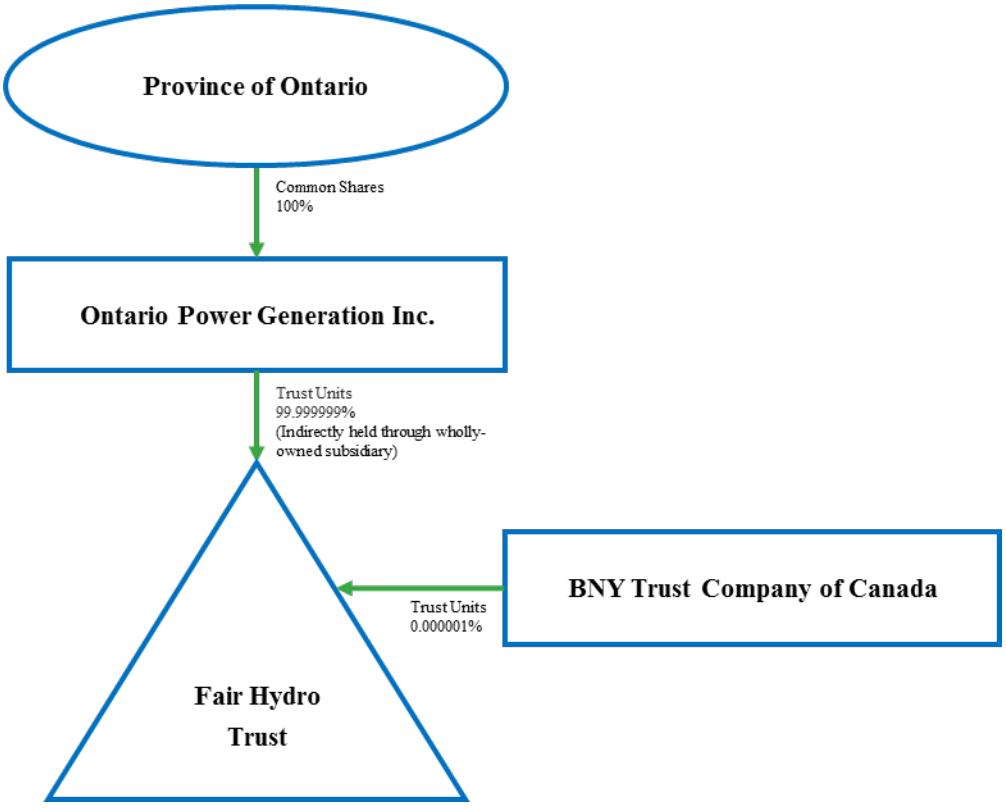

THE MANAGER

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, the Manager (on behalf of the Issuer) shall review, or cause to be reviewed,

on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors — Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross

negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximately 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

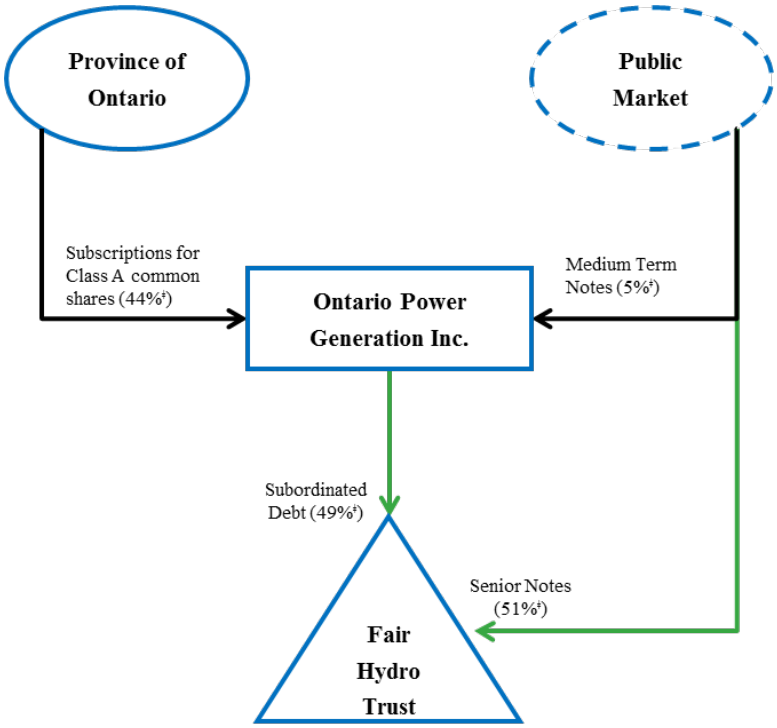

ǂ OPG is expected to acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(a) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(b) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(c) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest on December 21, 2017.

THE TRANSFEROR AND SERVICER

Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to Transfer to the Issuer a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of receiving the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts received in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on the 18th business day of each month, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) providing forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period.

The IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions. The Master Transfer and Servicing Agreement provides for various limitations on the duties and responsibilities of the IESO including that: (i) the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, (ii) the IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Investment Interest, the collectability of the Clean Energy Adjustment or that Clean Energy Adjustment amounts received will be sufficient to satisfy the Issuer's Funding Obligations, (iii) the IESO shall have no liability or responsibility to any person in respect of any forecasts or other information provided, provided only that such forecasts or other information has been prepared and provided in good faith and (iv) the IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from Specified Consumers or not remitted by Electricity Vendors to the IESO. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"* and *"Ontario's Fair Hydro Plan — Other Statutory Protections"* with respect to the manner in which the risks associated with incorrect forecasts by the IESO, and shortfalls in Clean Energy Adjustments as a result of amounts not being collected by Electricity Vendors or remitted by Electricity Vendors, are mitigated.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA, including its obligation to pay the Carrying Costs to the Issuer.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations

of the Issuer, including repayment of principal on the Senior Notes. Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring September 30, 2022, which is permitted to be used by the IESO to pay the Carrying Costs to the Issuer.

As security for the performance of its obligation to pay the Carrying Costs to the Issuer, the IESO has granted the Issuer a first-priority security interest in all accounts receivable owing to the IESO from Electricity Vendors, including amounts owing with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in the variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for Transfer to the Issuer in a subsequent period. Upon completion of such Transfer, the Issuer will acquire an Investment Interest pursuant to the FHPA.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors or such other number as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program

Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement or the FHPA (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to

the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Manager in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material

conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and

deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a

specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all

amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall. Amounts in the Program Cash Reserve Account will be available to pay interest and principal on the Senior Notes.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible

Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "*— Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Amounts in the IESO Cash Reserve Account are not available to pay principal on the Senior Notes. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "*— Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference

to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying

its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "*— Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel, each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized,

executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined based on the extent, if any, to which the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF SENIOR NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this *"Description of Senior Notes"* section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s), if any, and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;
- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and
- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer) or of the IESO. The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will

also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Payment Dates on which such amounts are to be accumulated for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than an expected Principal Payment Date if an optional redemption occurs and may receive principal payments later than an expected Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on an expected Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit were successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA should no longer be law in Ontario or that the FHPA should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA referenced in the previous paragraph were amended or repealed through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Crown, nor may an order for execution or attachment be made against the Crown, although the remedy of damages is available. Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes. Amounts paid by the IESO are not available to pay principal on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior

Notes, and the Issuer must rely for payment of all of its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs to the Issuer. The amounts paid by the IESO with respect to Carrying Costs cannot be applied on account of principal on the Senior Notes. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Carrying Costs to the Issuer. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring September 30, 2022, which can be used to pay the Carrying Costs to the Issuer. There can be no assurance that the IESO will continue to have sufficient funds available to pay the Carrying Costs to the Issuer during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay the Carrying Costs to the Issuer and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment by the Issuer of interest on the Senior Notes, and the Issuer must rely on the IESO for the funds necessary to pay its Carrying Costs, upon the IESO who is obligated under the Regulations to pay these Carrying Costs to the Issuer. Amounts paid by the IESO are not available to pay principal on the Senior Notes. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and

- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event. See *"Change of Law Protection Agreement"*. The Senior Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA, rights to enforcement of the FHPA and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the

Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform -- Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring Investment Interests. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the Transfer by the IESO of specified portions of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, the Investment Asset will be co-owned by all Financing Entities (including the Issuer) and consequently Clean Energy Adjustment amounts collected by or for the benefit of the Financing Entities will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA and the Master Transfer and Servicing Agreement impose new duties and obligations on the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Master Transfer and Servicing Agreement. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or providing forecast information, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or

reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager.

The FHPA imposes new duties and obligations on OPG, as Financial Services Manager, and the Program Agreements impose new duties and obligations on OPG, as Manager. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA, including determining the Clean Energy Adjustment (inclusive of the True-up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated based upon a forecast of Specified Consumer usage to be newly developed based on forecast information provided by the IESO. Under the Regulations, the IESO is required to provide forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period. The amount of the Clean Energy Adjustment collected in any period will depend in part on actual electricity usage by Specified Consumers and the amount of collections and write-offs for Specified Consumers. If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. The FHPA does not require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in FHPA. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment. The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-up Amount. Until such adjustments are made or, if those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to provide indemnification, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20° Celsius. Winters include snow and icy conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization,

if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the Transfers of specified portions of the Regulatory Asset by the IESO may not be respected as true sales of the Regulatory Asset.

Ordinarily, the interests of the Issuer as acquirer of an Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time the corresponding Regulatory Asset was Transferred to the Issuer. This could reduce the amounts that may be available to the Issuer in respect of the Investment Interest and, consequently, the holders of Senior Notes. Section 27(3) of the Act provides that at the time of the Transfer of the Regulatory Asset to a Financing Entity, such Transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the Act provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the Transfer and the property rights and interests acquired by the Transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the Act in such circumstances is untested. The Transfers of the Regulatory Asset to the Issuer will be made in accordance with section 26 of the Act. Section 27(1) of the Act provides that a Transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Transferee. Therefore, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Regulatory Asset. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO or such Electricity Vendor may be significantly impaired or delayed.

Under the Master Transfer and Servicing Agreement, collections received by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017* (Ontario), in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See "*Rating Agency Condition*".

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior

Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities

laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Capital Markets Platform — Covenants of the Issuer — Financial Statements; Statement as to Compliance"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of

an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum (which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference herein), together with any amendments hereto (which shall for the purposes hereof be considered to include any document or record incorporated or deemed to be incorporated by reference therein), or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action may be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any

misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference herein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference herein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference herein, not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the *Securities Act* (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer or the selling security holder on whose behalf the distribution is made. "Misrepresentation" means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer and selling security holder will be liable if the person proves that:

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

  (iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that:

    (A) there had been a misrepresentation; or

    (B) the relevant part of the confidential shelf offering memorandum:

      a. did not fairly represent the report, statement or opinion of the expert, or

      b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) while still an owner of the Senior Notes, a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia, Newfoundland and Labrador and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, with respect to a Funding Obligation, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Act**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Change of Law Protection Agreement**" means the change of law protection agreement dated as of December 21, 2017 among the Province, the Issuer and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**Crown**" means Her Majesty the Queen in Right of Ontario.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as amended, supplemented, restated or otherwise modified from time to time.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" has the meaning set out under *"Depository Services . — DTC, Euroclear and Clearstream, Luxembourg"*.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under "*Capital Markets Platform — Security — Issuer Accounts*".

"**Euroclear**" has the meaning set out under "*Depository Services . — DTC, Euroclear and Clearstream, Luxembourg*".

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Entity**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligations**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations,

exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on page (iii) of this confidential shelf offering memorandum.

"**Issuer**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" means the management agreement dated as of December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Manitoba"*.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**NI 31-103**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**NI 45-106**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their

capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" has the meaning set out on page (ii) of this confidential shelf offering memorandum.

"**Offering Jurisdiction**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**OPA**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO*.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month or, if such day is not a business day, the next business day.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — Key Industry Participants — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Saskatchewan"*.

"**Section 130.1**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in Ontario"*.

"**Section 150**" has the meaning set out under *"Statutory Rights of Action — Rights for Purchasers in New Brunswick"*.

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning specified in the *Ontario Fair Hydro Plan Act, 2017*, and "**Transferred**" and "**Transferee**" shall have corresponding meanings.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" has the meaning set out under *"The Issuer"*.

"**U.S. Securities Act**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

INDEX OF DEFINED TERMS

Acceleration Event 95
Acceleration 95
Act 95
Adherence Compliance Certificate 29
Adverse Effect 41
Agency Agreement 67
Agents ii
Approved Obligation 7, 28
Available Collections 45
Borrowing 95
Canadian Insolvency and Restructuring Laws 70
Carrying Costs 95
CDS ii
Certified Primary Obligation 7, 28
Change of Law Protection Agreement 95
Class 44
Clean Energy Adjustment 22
Clean Energy Benefits 96
Clean Energy Costs 96
Clean Energy Initiative 96
Clearstream, Luxembourg 67
Collateral 45
Collection Account Waterfall 47
Collection Account 45
Commissions 83
Confidential Information vii
Controlling Class Creditors 96
Controlling Class Obligations 97
Co-Owner Agreement 97
Crown 97
DBRS 97
Debtholder Group 57
Debtholder 97
Declaration of Trust 97
Default 97
depository 66
Derivative Counterparty 97
Derivative Funding Obligations 97
DTC 67
Electricity Vendor 97
Eligible Deposit Account 45
Eligible Institution 97
Eligible Investments 98
Eligible Securities Account 45
Euroclear 67
Event of Default 59
Extraordinary Resolution 57
Fair Adjustment 20
Fair Allocation Amount 25
FHPA i
Finance Amount 22
Financial Services Manager i
Financing Entity i
Financing Plan 99
Funding Obligation Agreement 99
Funding Obligations i
Governmental Authority 99
HOEP 19
IESO Cash Reserve Account 45
IESO Cash Reserve Deposit Amount 99
IESO Cash Reserve Required Amount 99
IESO Security Agreement 100
IESO 2, 99
Indemnity Agreement 100
Indenture Trustee 100
Indenture 100
Interest Accrual Amount (Junior Subordinated) 100
Interest Accrual Amount (Senior) 100
Interest Accrual Amount (Subordinated) 100
Interest Accumulation Account 45
Interest Payment Date 100
Investment Asset 21
Investment Interest 21
Investor Presentation iii
Issuer Accounts 45
Issuer Funding Obligation 100
Issuer Trustee 100
Issuer i
Junior Subordinated Funding Obligations 101
Junior Subordinated Notes, Series 2017-1 36
LDCs 18
Lender 101
Limited Guarantee 9, 26
Management Agreement 101
Manager 101
Manitoba Act 92
Master Agreement 101
Master Transfer and Servicing Agreement 101
Master Trust Indenture 101
Material Effect 30
Moody's 101
Moratorium Period 3, 24
MTSA Acknowledgement 101
NI 31-103 ii
NI 45-106 ii
Non-Investment Grade Rated Electricity Vendor 38
Note 101
Noteholders 101
Obligations Secured 101
OEB 102
Offering Jurisdiction 80
Offering ii
OPA 17
OPG ..... i, 1, 102
Ordinary Resolution 57
Participants 66
Paying Agent 102
Payment Date 102
Person 102
Post-Suspension Refinancing 30
Pre-Approved Refinancing 30
Predecessor IESO 17
Primary Obligation 28
Principal Accumulation Account 45
Principal Accumulation Amount 102
Principal Accumulation Date 103
Principal Payment Date 103
Principal Payment Default Date 103
Program Account 103
Program Agreements 103
Program Cash Reserve Account 46
Program Cash Reserve Required Amount 103
Protection Account 46
Protection Event 7, 27
Rating Agency Condition 39
Rating Agency 103
Reference Period 103
Refinancing Account 46
Refinancing 103
Regulated Price Plan 19
Regulations 104
Regulatory Asset 2, 21

Required Principal Accumulation Amount (Senior) 104
Required Principal Accumulation Amount (Subordinated) 104
RPP 19
Saskatchewan Act 86
Section 130.1 85
Section 150 89
Securities Account 46
Senior Funding Obligation 104
Senior Notes, Series 2017-1 36
Senior Notes i
Series Account 104
Series Capital Reserve Account 46
Series Finance Reserve Account 46
Series 104
Servicer Default 104
Servicer 104
Specified Consumer 20
Specified Creditors 105
Subordinated Funding Obligations 105
Subordinated Notes, Series 2017-1 36
Supplemental Indenture 105
Suspension Event 30
Suspension Notice 29
Term Sheet i
Terms Document 105
Tranche 105
transaction 53
Transfer 106
True-up Amount 3
U.S. Securities Act i
Unitholders 31
Warehouse Facilities 36
Warehouse Obligations 106

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January 22, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Capital Markets Platform" and "Description of Senior Notes" sections of the confidential shelf offering memorandum which contain a more detailed description of certain terms of the Series 2018-1 Senior Notes and the trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture (the "Series 2018-1 Senior Supplemental Indenture") pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January 22, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE MAY 15, 2033, SERIES 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.	
Issue:	●% Senior Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Senior Notes**").	
Expected Credit Ratings:	DBRS:	AAA(sf)
	Moody's:	Aa2(sf)
Principal Amount:	$●[(1)]	
Term:	15.25 years	
Launch Date:	●, 2018	
Pricing Date:	●, 2018	
Settlement Date:	●, 2018 (T+3)	
Interest Rate:	●% per annum (the "**Series 2018-1 Interest Rate**")	
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ●	
	+● bps (including a ● bps curve adjustment and +● bps delay adjustment), versus the CAN ●% due ● (priced at $● to yield ●%)	

(1) The Issuer may offer and sell Series 2018-1 Senior Notes having a principal amount greater than the amount shown above. In that event, the Principal Accumulation Amounts, the principal amounts of the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes and the use of proceeds amount will be increased proportionately.

Issue Yield:	●%
Issue Price:	$● per $1,000 principal amount of Series 2018-1 Senior Notes.
Agents Commission:	$● per $1,000 principal amount of Series 2018-1 Senior Notes sold (payable from existing cash resources of the Issuer)
Interest Payment Dates:	The Interest Payment Dates for the Series 2018-1 Senior Notes are as follows: (i) prior to the occurrence of an Amortization Event, interest on the Series 2018-1 Senior Notes shall be payable in equal semi-annual instalments (except the first interest payment) in arrears on May 15 and November 15 of each year, commencing May 15, 2018 (short first coupon); and (ii) following the occurrence of an Amortization Event, interest will be payable in arrears on the outstanding principal amount of the Series 2018-1 Senior Notes on each Payment Date thereafter at a rate equal to the monthly equivalent of the Series 2018-1 Interest Rate; that is, the interest rate that, when compounded monthly for six months on a stated outstanding principal amount, yields interest in an amount equal to the Series 2018-1 Interest Rate, multiplied by such outstanding principal amount and divided by two. The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first Interest Payment Date. Subject to the occurrence of an Acceleration Event, the first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes. If an Interest Payment Date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis. The record date for each Interest Payment Date is the last day of the calendar month preceding such Interest Payment Date. "**Amortization Event**" means either an Acceleration Event has occurred with respect to the Series 2018-1 Senior Notes, or the outstanding principal amount of the Series 2018-1 Senior Notes has not been paid in full on the Expected Principal Payment Date (as defined below). An "**Acceleration Event**" means either (i) all Issuer Funding Obligations are declared due and payable in accordance with the provisions of the Master Trust Indenture, or (ii) the outstanding principal amount of the Series 2018-1 Senior Notes and all interest thereon is declared due and payable in accordance with the Indenture as a result of the occurrence of a Series 2018-1 Event of Default (as defined below).
Principal Payment Dates and Principal Payment Amount:	Subject to the occurrence of an Acceleration Event, the outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on May 15, 2033 (such Payment Date, the "**Expected Principal Payment Date**"). Following the occurrence of an Amortization Event, each Payment Date thereafter shall be a Principal Payment Date in respect of the Series 2018-1 Senior Notes and the then outstanding principal amount of the Series 2018-1 Senior Notes shall be due and payable on each such Payment Date.
Principal Payment Default Date:	May 15, 2035

Principal Accumulation Amounts:	Subject to the occurrence of an Amortization Event, the Series 2018-1 Senior Notes shall have the Principal Accumulation Amounts for the Payment Dates specified in Appendix A hereto. Following the occurrence of an Amortization Event, the Principal Accumulation Amount with respect to each Payment Date thereafter shall be an amount equal to the outstanding principal amount of the Series 2018-1 Senior Notes.
Subordination:	Concurrent with the issuance of the Series 2018-1 Senior Notes, OPG will subscribe for (i) $● of ●% subordinated notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Subordinated Notes**"); and (ii) $● of ●% junior subordinated notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Junior Subordinated Notes**"). The Series 2018-1 Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations), and the Series 2018-1 Junior Subordinated Notes shall be subordinated to the Series 2018-1 Senior Notes (and all other Senior Funding Obligations) and the Series 2018-1 Subordinated Notes (and all other Subordinated Funding Obligations), in each case in the manner described in the confidential shelf offering memorandum under the heading "*Capital Markets Platform – Subordination Provisions*".
Optional Redemption:	The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption. "**Par Call Date**" means November 15, 2032. "**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third business day preceding the date of redemption, plus ●% per annum. "**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date (calculated from the date of redemption), such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under the heading *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.
Use of Proceeds:	The proceeds from the Series 2018-1 Senior Notes Offering will be used to refinance $● of indebtedness of the Issuer previously incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement. See *"Consolidated Capitalization"*. Expenses of the Series 2018-1 Senior Notes Offering are to be paid from existing cash resources.
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other Senior Funding Obligations issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Change of Law Protection Agreement:	The Series 2018-1 Senior Notes are Approved Obligations under the Change of Law Protection Agreement.
Series 2018-1 Events of Default:	In addition to the Events of Default contained in the Master Trust Indenture and described in the confidential shelf offering memorandum, each of the following events constitute a "**Series 2018-1 Events of Default**": (a) failure to pay interest on the Series 2018-1 Senior Notes when due, subject to a 5-day cure period; (b) failure to pay principal on the Principal Payment Default Date for the Series 2018-1 Senior Notes; (c) breach of representation or warranty in the Series 2018-1 Senior Supplemental Indenture applicable to the Series 2018-1 Senior Notes, subject to materiality requirements and a 60-day cure period; (d) breach of a covenant in the Series 2018-1 Senior Supplemental Indenture, subject to materiality requirements and a 60-day cure period; and (e) an event occurs and as a result thereof, all or any portion of the principal amount of any other Senior Funding Obligation has been accelerated.

Acceleration upon a Series 2018-1 Event of Default:	Upon the occurrence of a Series 2018-1 Event of Default, the holders of Series 2018-1 Senior Notes may, by Ordinary Resolution, declare the outstanding principal and all accrued and unpaid interest on the Series 2018-1 Senior Notes to be immediately due and payable, whether or not all Issuer Funding Obligations have been accelerated pursuant to the Master Trust Indenture. For a discussion of the consequences of such declaration, see the confidential shelf offering memorandum under the headings "*Capital Markets Platform – Acceleration and Remedies*" and "*Risk Factors – If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected*".
Rating Agency Condition:	"**Rating Agency Condition**" means with respect to any action in respect of the Series 2018-1 Senior Notes subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 business days prior to the effective date of such action (or if 10 business days prior notice is impractical, such advance notice as is practicable) and (i) the Rating Agencies shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, DBRS shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Series 2018-1 Senior Notes immediately before the taking of such action.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	CIBC World Markets Inc. (joint lead and joint bookrunner), Goldman Sachs Canada Inc. (joint lead), RBC Dominion Securities Inc. (joint lead and joint bookrunner), BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Morgan Stanley Canada Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., Desjardins Securities Inc. and Casgrain & Company Limited.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the

circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for the Series 2018-1 Subordinated Notes and the Series 2018-1 Junior Subordinated Notes.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	$●
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	$1,179,000,000.00[(2)]	$●
Bank indebtedness……..	Nil	$●
Total Debt……	$1,179,000,000.00[(2)]	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	$1,179,010,000.01[(2)]	$●

(2) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000, or 10% of all short term debt, represented by Junior Subordinated Notes, Series 2017-1 held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On November 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer" of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, 2018, the Issuer had approximately $● outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' commission payable by the Issuer.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

APPENDIX A
PRINCIPAL ACCUMULATION AMOUNTS AND PAYMENT DATES

Payment Date	Principal Accumulation Amount
January 15, 2030	$●
February 15, 2030	$●
March 15, 2030	$●
April 15, 2030	$●
May 15, 2030	$●
June 15, 2030	$●
July 15, 2030	$●
August 15, 2030	$●
September 15, 2030	$●
October 15, 2030	$●
November 15, 2030	$●
December 15, 2031	$●
January 15, 2031	$●
February 15, 2031	$●
March 15, 2031	$●
April 15, 2031	$●
May 15, 2031	$●
June 15, 2031	$●
July 15, 2031	$●
August 15, 2031	$●
September 15, 2031	$●
October 15, 2031	$●
November 15, 2031	$●
December 15, 2031	$●
January 15, 2032	$●
February 15, 2032	$●
March 15, 2032	$●
April 15, 2032	$●
May 15, 2032	$●
June 15, 2032	$●
July 15, 2032	$●
August 15, 2032	$●
September 15, 2032	$●
October 15, 2032	$●
November 15, 2032	$●
December 15, 2033	$●
January 15, 2033	$●
February 15, 2033	$●
March 15, 2033	$●
April 15, 2033	$●
May 15, 2033	$●

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement — January 22, 2018

FAIR HYDRO TRUST

Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (together with the regulations promulgated thereunder, the "**FHPA**"). Under the FHPA, OPG is appointed as financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes prescribed under the FHPA. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the ~~Issuer Trustee~~**Manager** in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account. The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay Specified Creditors to whom amounts are due and payable under an Approved Obligation in accordance with the provisions of the Master Trust Indenture. See *"Capital Markets Platform"*. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Senior Notes on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period, divided by the number of months in such Reference Period. See *"Capital Markets Platform — Acceleration and Remedies — Limitation on Available Amounts on Acceleration"* for a description of the amounts that would be available to be paid under the Master Trust Indenture in such circumstances.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Senior Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Issuer Trustee is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the ~~Issuer Trustee~~**Manager** in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

The following diagram illustrates the structure of the Issuer and its affiliates.

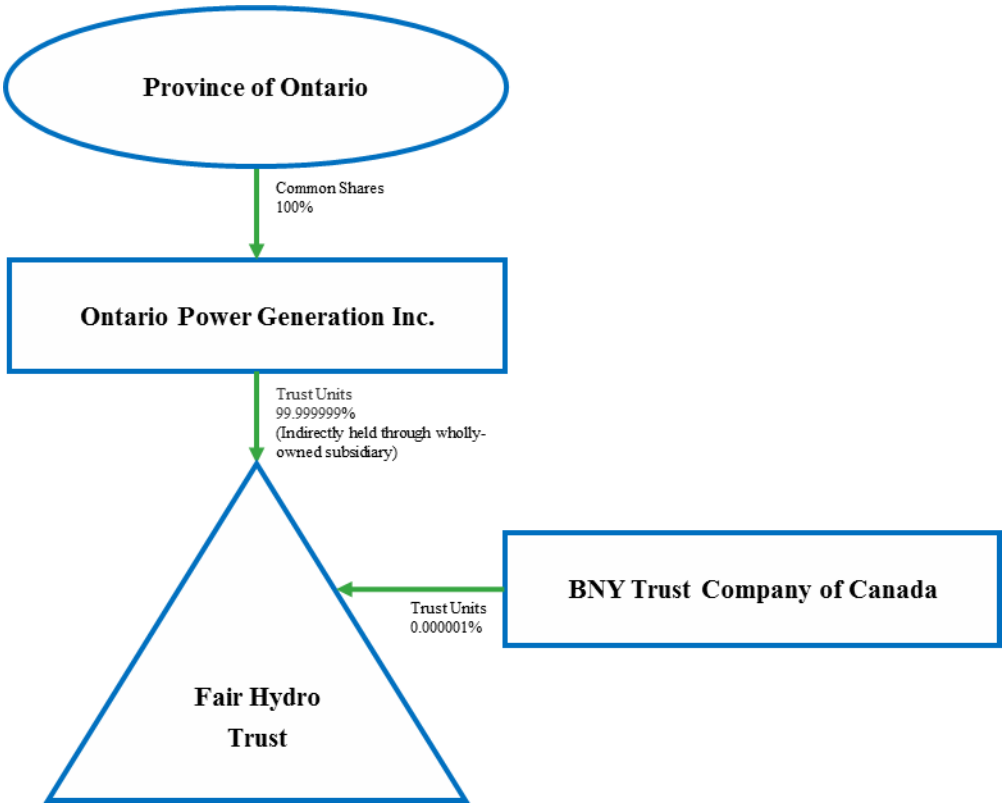

THE MANAGER

Pursuant to the Management Agreement, the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the ~~Issuer Trustee~~**Manager** in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest on December 21, 2017.

THE TRANSFEROR AND SERVICER

Pursuant to the Master Transfer and Servicing Agreement, the IESO may periodically Transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the ~~Issuer Trustee~~**Manager** in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to Transfer to the Issuer a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of receiving the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts received in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on the 18th business day of each month, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) providing forecast information to the OEB and the Issuer, which forecast information will be used by the OEB to forecast electricity consumption of Specified Consumers in respect of the relevant period.

The IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions. The Master Transfer and Servicing Agreement provides for various limitations on the duties and responsibilities of the IESO including that: (i) the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that Clean Energy Adjustment amounts will be sufficient to

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, *"— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the ~~Issuer Trustee~~**Manager** in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January 22, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Capital Markets Platform" and "Description of Senior Notes" sections of the confidential shelf offering memorandum which contain a more detailed description of certain terms of the Series 2018-1 Senior Notes and the trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture (the "Series 2018-1 Senior Supplemental Indenture") pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January 22, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE MAY 15, 2033, SERIES 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Issue:	●% Senior Notes due May 15, 2033, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Expected Credit Ratings:	DBRS: ●-AAA(●sf) Moody's: ●-Aa2(●sf)
Principal Amount:	$●[(1)]
Term:	15.25 years
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●% per annum (the "**Series 2018-1 Interest Rate**")
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment and +● bps delay adjustment), versus the CAN ●% due ● (priced at $● to yield ●%)

From: John Kim
To: Ronald Kwan
Cc: Shajee Kathirgamanathan; Gavin He; Usman Zahid
Subject: RE: Fair Hydro Trust -- Term Closing
Date: Tuesday, April 24, 2018 4:34:37 PM

Hi Ron,

We will take a look. The earlier question, I believe we discussed on the phone.

Thanks,

John

From: Ronald Kwan
Sent: Tuesday, April 24, 2018 4:27 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: Re: Fair Hydro Trust -- Term Closing

Hi John,

Across the two issuances so far, what is the weighted average spread and what would that imply for the estimated difference in financing costs?

Thanks,
Ron

From: Ronald Kwan
Sent: April 24, 2018 4:12 PM
To: John Kim
Cc: Shajee Kathirgamanathan; Gavin He; Usman Zahid
Subject: Re: Fair Hydro Trust -- Term Closing

Hi John,

What drove the weighted average spread widening -- the sub-debt rates? Did we have the actual sub-debt rates last week, but we have them now?

Ron

From: John Kim
Sent: April 24, 2018 3:33 PM
To: Ronald Kwan
Cc: Shajee Kathirgamanathan; Gavin He; Usman Zahid
Subject: RE: Fair Hydro Trust -- Term Closing

Hi Ron,

So the spread seems to have widened from the dealer survey information the day of the senior debt issue. It was around 46bps but now in the attached actual, the spread averaged to 51.2bps. [Using the dealer email indicating 32bps from Ontario which implied 3.2% for Ontario.]

The difference in interest paid widened to 2.48bn (from the earlier prelim number we had of 2.2bn based on dealer survey numbers]. Naturally, we can ask why it widened.

Attached spreadsheet provides additional details, if you're interested.

Also, related to Gadi's inquiry last week and we have the actual rates for the sub debt issues.

Thanks,

John

From: Ronald Kwan
Sent: Tuesday, April 24, 2018 2:30 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Fw: Fair Hydro Trust -- Term Closing

Hi,

Please review.

Ron

From: Anna Strathy
Sent: April 24, 2018 2:26 PM
To: Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc: Usman Zahid; Opal Kandelas
Subject: FW: Fair Hydro Trust -- Term Closing

FYI

From: Krasic, Aida (MOF) [mailto:Aida.Krasic@ontario.ca]

Sent: Tuesday, April 24, 2018 1:06 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hello Male,
Please find attached fax that DMO received from TORYS LLP regarding the Fair Hydro Plan –Deliveries under Change of Law Process Agreement.
As per Paul's email from Feb 9th, I am copying all on this email as well.
Thanks
Aida

From: Dupuis, Paul (MOF)
Sent: February 9, 2018 10:35 AM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Krasic, Aida (MOF) <Aida.Krasic@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Spadoni, Peter (MOF) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

This message has been archived. View the original item
Hi Malle,

As requested please see attached. I have also copied Karen Cook (MO Office Mgr) and Peter Spadoni (Mgr of MoF Correspondence) as it may have also been sent to their fax machines as it i

Attachments:

image001.jpg	(5 KB)
FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf	(1.3 MB)

From:	John Kim
To:	Ronald Kwan
Cc:	Shajee Kathirgamanathan; Gavin He; Usman Zahid
Subject:	RE: Fair Hydro Trust -- Term Closing
Date:	Tuesday, April 24, 2018 3:34:00 PM
Attachments:	OFHP supporting data for OFA_v0.1._EFB-FinancingPlanUpdate_v2.xlsx

Hi Ron,

So the spread seems to have widened from the dealer survey information the day of the senior debt issue. It was around 46bps but now in the attached actual, the spread averaged to 51.2bps. [Using the dealer email indicating 32bps from Ontario which implied 3.2% for Ontario.]

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Cc: Krasic, Aida (MOF) <Aida.Krasic@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Spadoni, Peter (MOF) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

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Attachments:

image001.jpg	(5 KB)
FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf	(1.3 MB)

NOTE: *Draft version for Comment. Inputs and assumptions may not be consistent with best information available.*

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis		
Provincial Borrowing	3.71%	*<-- Change this number to test differ*
Basis Points	00 bp	*<-- Number used for scenario analys*
Total (Interest Rate)	3.7119%	
Model Circularity	ON	

OUTPUTS:

Interest Calculation		
Interest Rate:	3.71%	
Year Interest Payments Stop:	2045	
Total Interest Paid:	11,368	*NOTE: Calculations do not match En*
Peak Debt:	18,569	

SENSITIVITIES: *Determine sensitivites at various rates*

		Total Interest Paid
Provincial Borrowing	Provincial Borrowing +	Provincial Borrowing +
11,368	0 bp	30 bp
3.12%	8,542	9,885
3.50%	10,275	11,857
3.75%	11,578	13,362
4.00%	13,047	15,075
4.25%	14,716	17,030
4.50%	16,619	19,200

Sensitivites and difference compared to provincial borrowing

	Difference in Interest Paid Compared to Provin	
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	1,343
3.50%	-	1,582
3.75%	-	1,784
4.00%	-	2,028
4.25%	-	2,314
4.50%	-	2,580

ISSUANCE ANALYSIS:

		Weighted Average Borrowing Calcul
Tranche A - Senior Debt	51%	FHT:
Tranche B - Sub Debt	39%	OPG via Province
Tranche C - Jr. Sub Debt	10%	OPG via Province & Cap Mkts

WEIGHTED AVERAGE:

FHT Weighted Average Rate:	3.712%	
FHT Interest Paid	11,368	
Peak Debt:	18,569	
Provincial Borrowing at Issuance:	3.20%	*Source: OFA*
Provincial Interest Paid:	8,887	
Peak Debt:	17,752	
Difference in Interest Paid:	**2,481**	
Difference in Peak Debt:	**817**	

›ber 19 Analysis by EFB

rent interest rates
:is

ergy's methodology exactly in Developing FAA/RA. Subject to updates and refinement.

Provincial Borrowing + 40 bp	Provincial Borrowing + 50 bp
10,374	10,879
12,432	13,047
14,017	14,716
15,821	16,619
17,874	18,750
20,124	21,083

cial Borrowing:	
Provincial Borrowing + 40 bp	Provincial Borrowing + 50 bp
1,832	2,337
2,156	2,771
2,439	3,138
2,774	3,573
3,158	4,034
3,505	4,464

ation	
3.520%	*Source: Debt Issuance Document*
3.834%	*Source: Debt Issuance Document*
4.214%	*Source: Debt Issuance Document*

3.712%

OFHP debt and interest projections, by calendar year

$ nominal million	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*	(1,396)
Interest Paid	32
Closing Debt Balance	1,428

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest
Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017
Source: Ministry of Energy

Attempted recreation by EFB ($ nominal Million)

Interest:
Year Interest Payments Stop:
Total Interest Paid - Positive:
Peak Debt:

	2017
*FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment**	
(Exactly from above)	1,396
Interest Paid (attempted recreation) [EFB Calculation]	26
Closing Debt Balance [EFB Calculation]	1,423
	-5.74

	2018	2019	2020	2021	2022
	(2,189)	(2,296)	(2,414)	(2,204)	(1,700)
	116	225	343	466	577
	3,734	6,254	9,011	11,681	13,958

3.71%

2045 *(note: array formula)*

11,368

18,569

	2018	**2019**	**2020**	**2021**	**2022**
	2,189	2,296	2,414	2,204	1,700
					Additional Borrowing/F
	95	184	280	378	466
	3,707	6,186	8,879	11,461	13,627
	-26.68	***-67.79***	***-131.64***	***-219.70***	***-330.96***

2023	2024	2025	2026	2027
(1,050)	(492)	(61)	79	129
667	733	778	814	851
15,674	16,899	17,677	18,491	19,342

2023	**2024**	**2025**	**2026**	**2027**
1,050	492	61	(79)	(129)
	Cross Over Point:	(61)		
	Borrrowing Still Required:		79	129
Repayments [Reason Unknown, Plug]:				
535	585	616	639	664
15,212	16,289	16,905	17,544	18,207
-462.45	***-610.73***	***-772.66***	***-947.11***	***-1134.84***

2028	2029	2030	2031	2032
354	714	1,251	1,188	1,348
883	896	888	872	854
19,904	19,904	19,541	19,226	18,732

2028	**2029**	**2030**	**2031**	**2032**
(354)	(714)	(1,251)	(1,188)	(1,348)
33.45	(182)			
683	685	671	650	627
18,569	18,359	17,779	17,241	16,520
-1335.34	***-1545.69***	***-1762.53***	***-1984.85***	***-2212.33***

2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773

2033	**2034**	**2035**	**2036**	**2037**
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
598	558	503	443	380
15,698	14,356	12,772	11,087	9,405
-2444.06	***-2677.73***	***-2910.37***	***-3140.53***	***-3367.72***

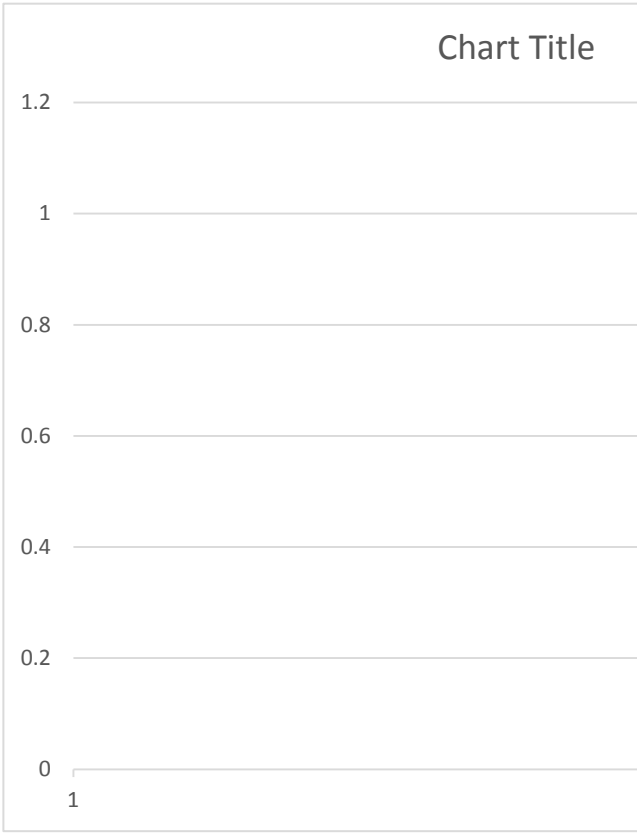
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2038	2039	2040	2041	2042
2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713

2038	**2039**	**2040**	**2041**	**2042**
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
316	254	201	153	107
7,622	6,081	4,755	3,516	2,244
-3591.40	***-3811.97***	***-4031.14***	***-4250.06***	***-4468.94***

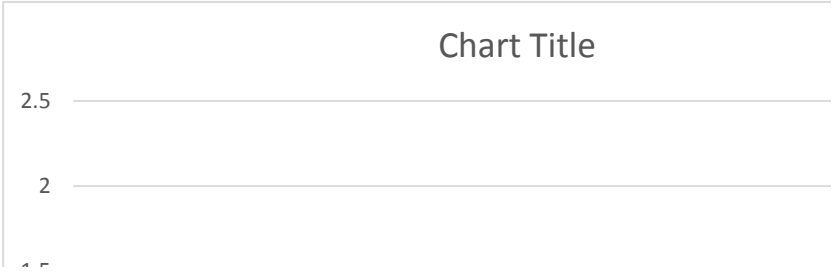

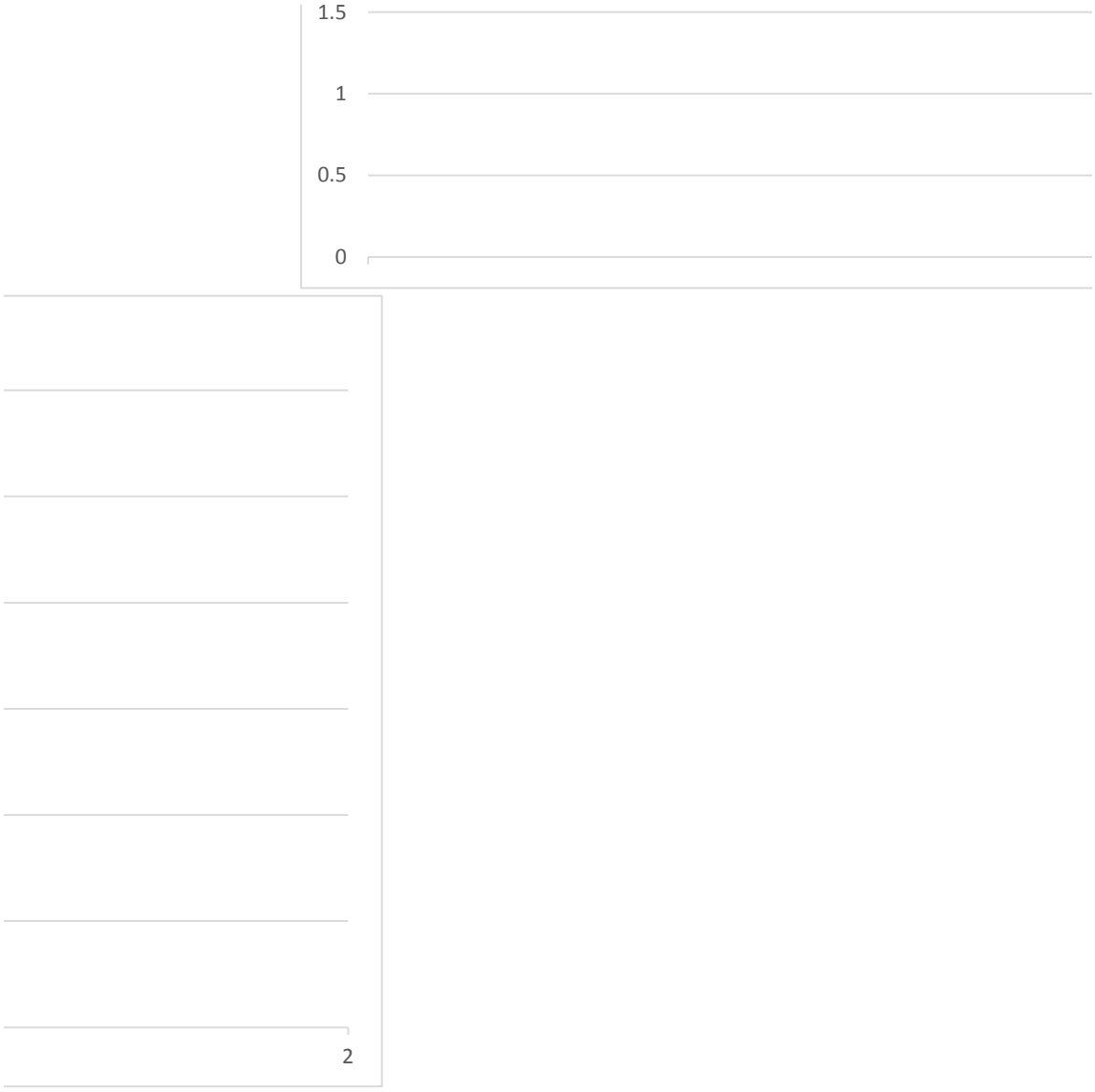
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2

2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0

2043	**2044**	**2045**	**2046**	**2047**
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
60	12	(38)	(94)	(165)
994	(335)	(1,730)	(3,350)	(5,549)
-4687.72	***-4906.18***	***-5123.72***	***-5339.11***	***-5549.02***

From:	Ken Kandeepan
To:	Anna Strathy
Cc:	Gadi Mayman; Ronald Kwan; Mike Manning
Subject:	RE: Fair Hydro Trust -- Term Closing
Date:	Friday, February 09, 2018 10:33:19 AM

Thanks Anna, however, Malle already forwarded same to us last night, though for some reason Gadi was not cc'ed.

Thanks

Ken k

From: Anna Strathy
Sent: Friday, February 09, 2018 10:30 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

Good morning,

A process certificate was received in the DMO from OPG. A scan is being sent to me – does anyone have a view that the scan should go to someone else here? Or are you comfortable with me forwarding it on to this group once I receive it?

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, February 09, 2018 10:25 AM
To: David McLean (MOF) <David.McLean@ontario.ca>; Kobrinsky, Liza (MOF) <Liza.Kobrinsky@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hi Dave,

Would you please scan it and send a copy to me and also to Anna Strathy? Anna: please confirm if it should be sent to you or someone else at the OFA. We do have an advance copy but think it would be prudent for you to scan and send the one you receive to us.

The delivery of this certificate is a requirement of the Process Agreement entered into by the Province and the Fair Hydro Trust in order to keep the Province advised of the Fair Hydro Trust obligations that are covered by the Province's Change of Law Assurance Agreement. Fair Hydro Trust is required to deliver the certificate prior to entering into the obligations (i.e. the closing date) and confirm a number of items to the Province including the material terms and that they are to be issued under terms and conditions substantially

similar to the terms of reference documentation for the program, that the terms are in compliance with law and the Financing Plan, are of a type and terms that a reasonably prudent financial services manager would incur in similar circumstances and reflect arm's length terms and conditions.

As part of the closing of the term deal by Fair Hydro Trust, the Trust must confirm that it has delivered the certificate to the Province.

If you have any other questions please let us know.

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: McLean, David (MOF)
Sent: February 9, 2018 10:13 AM
To: Hanslep, Malle (MOF); Kobrinsky, Liza (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro Trust -- Term Closing

Yes, we received the fax. Paul in our office just picked it up. Do you need us to do anything with it (I haven't had a chance to review it)?

From: Hanslep, Malle (MOF)
Sent: February 9, 2018 10:10 AM
To: Kobrinsky, Liza (MOF)
Cc: McLean, David (MOF); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro Trust -- Term Closing

Hi Liza,

Would you please let us know if you have received the attached certificate by fax? Thank

you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: February 8, 2018 4:40 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Mansoori, Nina
Subject: RE: Fair Hydro Trust -- Term Closing

All,

Further to Rima's email, please find attached a letter enclosing the process certificate and the agreements that Rima mentions below. The attached will be delivered by fax shortly to the each of the Ministers and Deputy Ministers at the fax numbers in the notice provisions of the Change of Law Process Agreement.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com

TORYS LLP

From: Ramchandani, Rima
Sent: February-08-18 2:22 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: Fair Hydro Trust -- Term Closing

Alena, Malle and Toby, hope you are all well. In case you have not been made aware, we wanted to let you know that we are closing the Fair Hydro Trust term deal tomorrow morning and will be delivering, on behalf of OPG, the required process certificate by fax to the attention of the Ministers and Deputy Ministers later today. As with the warehouse closing, Brett Saulnier from Torys will send all of you an email with a PDF of the signed process certificate and accompanying cover letter for your records.

Just FYI, you will see that the cover letter will also reference the delivery (pursuant to Section 2.01(c) of the process agreement) of a brief 2-page agreement that will be entered into between the Trust and the warehouse lenders on closing tomorrow which simply permits delivery of the decrease notice 2 business days prior to closing and repayment of the warehouse notes on a day other than the 15th business day of the month.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

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From: John Kim
To: Ronald Kwan
Subject: RE: Fair Hydro Trust -- Term Closing
Date: Wednesday, April 25, 2018 9:11:38 AM

Hi Ron,

Based on a complete survey provided by CMD, the spread used looks fine now. I think the survey I was provided was just National Bank's.

Thanks,

John

From: Ronald Kwan
Sent: Tuesday, April 24, 2018 9:16 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: Fair Hydro Trust -- Term Closing

Thanks John.

Ron

On Apr 24, 2018, at 9:06 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Sure, will do
>
> Sent from my iPad
>
> On Apr 24, 2018, at 6:33 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi John,
> >
> > Could you see if you can track this down. It might help with assessing the early info on future issuances too.
> >
> > Thanks,
> > Ron
> >
> > Begin forwarded message:
> >
> > **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> > **Date:** April 24, 2018 at 5:43:35 PM EDT
> > **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> > **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> > **Subject: Re: Fair Hydro Trust -- Term Closing**
> >
> > Hi Gadi,

I passed on the email from John shortly after getting it, so he did not have that information. He was wondering if the survey provided on Friday was an incomplete sample at that time. I can see if he has had any success in getting a response.

Ron

From: Gadi Mayman
Sent: April 24, 2018 5:40 PM
To: Ronald Kwan
Cc: Anna Strathy
Subject: Re: Fair Hydro Trust -- Term Closing

Thanks. Did we get an answer as to why they priced it at a spread of 51.2 bpts instead of the dealer survey indication of 46 bpts?

Gadi

On Apr 24, 2018, at 3:46 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Gadi,
>
> FYI.
>
> Ron
>
> Begin forwarded message:
>
> > **From:** John Kim <John.Kim@ofina.on.ca>
> > **Date:** April 24, 2018 at 3:33:59 PM EDT
> > **To:** Ronald Kwan

<Ronald.Kwan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hi Ron,

So the spread seems to have widened from the dealer survey information the day of the senior debt issue. It was around 46bps but now in the attached actual, the spread averaged to 51.2bps. [Using the dealer email indicating 32bps from Ontario which implied 3.2% for Ontario.]

The difference in interest paid widened to 2.48bn (from the earlier prelim number we had of 2.2bn based on dealer survey numbers]. Naturally, we can ask why it widened.

Attached spreadsheet provides additional details, if you're interested.

Also, related to Gadi's inquiry last week and we have the actual rates for the sub debt issues.

Thanks,

John

From: Ronald Kwan
Sent: Tuesday, April 24, 2018 2:30 PM

To: John Kim <John.Kim@ofina.on.ca>
Subject: Fw: Fair Hydro Trust -- Term Closing

Hi,

Please review.

Ron

From: Anna Strathy
Sent: April 24, 2018 2:26 PM
To: Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc: Usman Zahid; Opal Kandelas
Subject: FW: Fair Hydro Trust -- Term Closing

FYI

From: Krasic, Aida (MOF) [mailto:Aida.Krasic@ontario.ca]
Sent: Tuesday, April 24, 2018 1:06 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna

Strathy
<Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hello Male,

Please find attached fax that DMO received from TORYS LLP regarding the Fair Hydro Plan –Deliveries under Change of Law Process Agreement.

As per Paul's email from Feb 9th, I am copying all on this email as well.

Thanks

Aida

From: Dupuis, Paul (MOF)
Sent: February 9, 2018 10:35 AM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Krasic, Aida (MOF) <Aida.Krasic@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Spadoni, Peter (MOF) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

This message has been archived. View the original

item

Hi Malle,

As requested please see attached. I have also copied Karen Cook (MO Office Mgr) and Peter Spadoni (Mgr of MoF Correspondence) as it may have also been sent to their fax machines as it i

Attachments:

image001.jpg	(5 KB)
FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf	(1.3 MB)

<OFHP supporting data for OFA_v0.1._EFB-FinancingPlanUpdate_v2.xlsx>

From:	VINER, JON
To:	Ken Kandeepan; "Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY)
Cc:	ASHBOURNE, STEPHEN
Subject:	RE: Fair Hydro Trust OM - Comments
Date:	Friday, January 12, 2018 10:59:30 AM
Attachments:	12928826-vpdf-Form of Series 2018-1 Senior Notes Term Sheet (Fair Hydro ....pdf 12928826-v2-Form of Series 2018-1 Senior Notes Term Sheet (Fair Hydro Tr....docx

All,

Apologies for the double-email; I'm following up with one further document:

- Clean and blacklined copies of the term sheet for the 2018-1 senior notes.

Best,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

Blake, Cassels & Graydon LLP
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From: VINER, JON
Sent: Friday, January 12, 2018 10:52 AM
To: Ken Kandeepan; 'Thouin, Alena (ENERGY)'; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY)

Cc: ASHBOURNE, STEPHEN
Subject: Fair Hydro Trust OM - Comments

All,

Please for your reference please find attached copies of the following documents:

- Clean copy of comments on the FHT OM
- Blacklined copy of comments on the FHT OM showing changes against Torys' draft
- Blacklined copy of comments on the FHT OM showing changes against the previously circulated draft
- Comments on the Investor Presentation (with revisions indicated in red, blue or highlighted text).

Once you have had a chance to review, please let us know if you would like to discuss.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ●, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Description of Notes" section of the confidential shelf offering memorandum which contains a more detailed description of certain terms of the Series 2018-1 Senior Notes and the master trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January ●, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, Series 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.
Issue:	●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●
Term:	● years[1]
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●%
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment) versus the CAN ●% due ● (priced at $● to yield ●%)

[1] Please confirm if a single principal payment date is contemplated. Does this need to be reconciled with the "legal final maturity date" concept?

Issue Yield: ●%

Issue Price: $● for each $1,000 principal amount of Series 2018-1 Senior Notes sold.

Agents Commission: **$●**

Net Proceeds: $●

Interest Payment Dates: Interest on the Series 2018-1 Senior Notes shall be payable in equal (except the initial interest payment) semi-annual instalments in arrears on April 15 and October 15 of each year, commencing April 15, 2018 (short first coupon). The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first interest payment date for the Series 2018-1 Senior Notes. The first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes.

If an interest payment date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis.

Principal Accumulation Date(s) and Principal Accumulation Amount(s):

Principal Accumulation Dates	**Principal Accumulation Amounts**
●, 20●	$●

Principal Payment Date(s) and Principal Payment Amount(s):

Principal Payment Date	**Principal Payment Amount**
●, 20●	$●

Principal Payment Default Date: ●, 20●

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means ●, 20●.

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the date of redemption, plus ●% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable

	Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the Par Call Date (calculated from the date of redemption), such yield being expressed as a per annum rate equal to the average of the per annum yields provided by two major Canadian investment dealers specified by the Issuer.
Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*" and *"Risk Factors"*.
Use of Proceeds:	The net proceeds from the Series 2018-1 Senior Notes Offering will be used as follows: **[(i) to refinance $● of indebtedness of the Issuer originally incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement and (ii) to pay the Series 2018-1 Senior Notes Offering and related costs of the Issuer in an approximate amount of $●. See *"Consolidated Capitalization"*.]**
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	**[CIBC World Markets Inc., Goldman Sachs Canada Inc., RBC Dominion Securities Inc. (as co-leads and co-bookrunners)]**, ●, ●, and ●.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for:

(i) $● of ●% subordinated notes due ●, Series 2018-1; and
(ii) $● of ●% subordinated junior notes due ●, Series 2018-1.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	Nil
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	**$[1,179,000,000.00]**(1)	**$[1,179,000,000.00]**
Bank indebtedness……..	Nil	Nil
Total Debt……	**$[1,179,000,000.00]**(1)	$●
Equity		
Equity……	$10,000.01	$10,000.01

~~12928826.1~~
12928826.2

Total Capitalization.....	$**[1,179,010,000.01]**[1]	$●

(1) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short-term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000 of which, or 10% of all short term debt, represented by Junior Subordinated Notes held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On October 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on

their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the

date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, the Issuer had approximately $● billion outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' fee payable by the Issuer

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

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Document comparison by Workshare Compare on Friday, January 12, 2018 10:06:13 AM

Input:	
Document 1 ID	PowerDocs://TOR_2024/12928826/1
Description	TOR_2024-#12928826-v1-Form_of_Series_2018-1_Senior_Notes_Term_Sheet_(Fair_Hydro_Trust)
Document 2 ID	PowerDocs://TOR_2024/12928826/2
Description	TOR_2024-#12928826-v2-Form_of_Series_2018-1_Senior_Notes_Term_Sheet_(Fair_Hydro_Trust)
Rendering set	Standard

Legend:	
Insertion	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	12
Deletions	4
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	16

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ●, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Description of Notes" section of the confidential shelf offering memorandum which contains a more detailed description of certain terms of the Series 2018-1 Senior Notes and the master trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January ●, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, Series 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Issue:	●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●
Term:	● years[1]
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●%
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment) versus the CAN ●% due ● (priced at $● to yield ●%)

[1] Please confirm if a single principal payment date is contemplated. Does this need to be reconciled with the "legal final maturity date" concept?

Issue Yield: ●%

Issue Price: $● for each $1,000 principal amount of Series 2018-1 Senior Notes sold.

Agents Commission: **$●**

Net Proceeds: $●

Interest Payment Dates: Interest on the Series 2018-1 Senior Notes shall be payable in equal (except the initial interest payment) semi-annual instalments in arrears on April 15 and October 15 of each year, commencing April 15, 2018 (short first coupon). The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first interest payment date for the Series 2018-1 Senior Notes. The first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes.

If an interest payment date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis.

Principal Accumulation Date(s) and Principal Accumulation Amount(s):

Principal Accumulation Dates	**Principal Accumulation Amounts**
●, 20●	$●

Principal Payment Date(s) and Principal Payment Amount(s):

Principal Payment Date	**Principal Payment Amount**
●, 20●	$●

Principal Payment Default Date: ●, 20●

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means ●, 20●.

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the date of redemption, plus ●% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity

	equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the Par Call Date (calculated from the date of redemption), such yield being expressed as a per annum rate equal to the average of the per annum yields provided by two major Canadian investment dealers specified by the Issuer.
Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under "*Change of Law Protection Agreement*". The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*" *and "Risk Factors"*.
Use of Proceeds:	The net proceeds from the Series 2018-1 Senior Notes Offering will be used as follows: **[(i) to refinance $● of indebtedness of the Issuer originally incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement and (ii) to pay the Series 2018-1 Senior Notes Offering and related costs of the Issuer in an approximate amount of $●. See *"Consolidated Capitalization"*.]**
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	**[CIBC World Markets Inc., Goldman Sachs Canada Inc., RBC Dominion Securities Inc. (as co-leads and co-bookrunners)]**, ●, ●, and ●.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior

statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for:

(i) $● of ●% subordinated notes due ●, Series 2018-1; and
(ii) $● of ●% subordinated junior notes due ●, Series 2018-1.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	Nil
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	**$[1,179,000,000.00][(1)]**	**$[1,179,000,000.00]**
Bank indebtedness……..	Nil	Nil
Total Debt……	**$[1,179,000,000.00][(1)]**	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	**$[1,179,010,000.01][(1)]**	$●

(1) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short-term

debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000 of which, or 10% of all short term debt, represented by Junior Subordinated Notes held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On October 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any

accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, the Issuer had approximately $● billion outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' fee payable by the Issuer

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

From:	Ronald Kwan
To:	John Kim
Subject:	RE: Fair Hydro Trust OM - Comments
Date:	Friday, January 12, 2018 1:10:35 PM
Attachments:	Fair Hydro Trust OM - Comments.msg RE Fair Hydro Trust OM - Comments.msg

---

Hi John,

FYI and any comments?

Ron

From: VINER, JON [JON.VINER@blakes.com]
To: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; 'Thouin, Alena (ENERGY)' [Alena.Thouin@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]; Ronald Kwan [Ronald.Kwan@ofina.on.ca]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; Veinot, Cindy (TBS) [Cindy.Veinot@ontario.ca]; Mark Donaldson (MOF) [Mark.Donaldson@ontario.ca]; Sawwaf, Khareem (ENERGY) [Khareem.Sawwaf@ontario.ca]; Huang, Jackson (MEDG/MRIS) [Jackson.Huang@ontario.ca]; Daniel Cayley (ENERGY) [Daniel.Cayley@ontario.ca]; Lightbody, Ava (ENERGY) [Ava.Lightbody@ontario.ca]; James Rehob (ENERGY) [James.Rehob@ontario.ca]
CC: ASHBOURNE, STEPHEN [STEPHEN.ASHBOURNE@blakes.com]
Subject: Fair Hydro Trust OM - Comments
Date: Friday, January 12, 2018 11:51:54
Attachment 1: image227b4a.GIF
Attachment 2: FHT OM Comments - Cumulative Blackline against Torys draft.pdf
Attachment 3: FHT OM Comments - Incremental Blackline.pdf
Attachment 4: 23291241-v1-Fair Hydro Trust Investor Presentation - Comments.DOCX
Attachment 5: 23287504-v6-Fair Hydro OM - Comments of the Province.DOCX

All,

Please for your reference please find attached copies of the following documents:

- Clean copy of comments on the FHT OM

- Blacklined copy of comments on the FHT OM showing changes against Torys' draft

- Blacklined copy of comments on the FHT OM showing changes against the previously circulated draft

- Comments on the Investor Presentation (with revisions indicated in red, blue or highlighted text).

Once you have had a chance to review, please let us know if you would like to discuss.

Kind regards,

Jon

Jon Viner

Associate

jon.viner@blakes.com

Dir: 416-863-2499

———————————

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This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust ~~established under~~governed by the laws of the Province of Ontario, established by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, ~~Ontario Power Generation Inc. ("**OPG**")~~OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~ obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

[1] **Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.
[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with

liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA ..... ~~vii~~viii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO ..... ~~15~~17
ONTARIO'S FAIR HYDRO PLAN ..... ~~18~~20
CHANGE OF LAW PROTECTION AGREEMENT ..... ~~24~~27
THE ISSUER ..... ~~27~~32
THE MANAGER ..... ~~29~~34
SUBORDINATED DEBT ..... ~~32~~36
SHORT TERM INDEBTEDNESS ..... ~~33~~37
THE TRANSFEROR AND SERVICER ..... ~~34~~38
CREDIT RATINGS ..... ~~36~~40
RATING AGENCY CONDITION ..... ~~36~~41
CAPITAL MARKETS PLATFORM ..... ~~37~~41
DESCRIPTION OF NOTES ..... ~~60~~65
DEPOSITORY SERVICES ..... ~~63~~67
PLAN OF DISTRIBUTION ..... ~~64~~69
RISK FACTORS ..... ~~65~~69
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS ..... ~~77~~82
LANGUAGE OF DOCUMENTS ..... ~~81~~86
RESTRICTIONS ON RESALE ..... ~~81~~86
REPORTING REQUIREMENTS ..... ~~82~~87
STATUTORY RIGHTS OF ACTION ..... ~~82~~87
INDENTURE TRUSTEE ..... ~~93~~97
LEGAL MATTERS ..... ~~93~~97
GLOSSARY ..... ~~94~~98
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES ..... ~~106~~110
EXHIBIT 1 ~~– INVESTOR PRESENTATION~~ ..... ~~107~~ 111

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be ~~significantly~~ impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

[3] **Note:** Please complete.
[4] **Note:** Please complete.

- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete

certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement".*
Ontario~~'s~~ Fair Hydro Plan Act:	~~On March 2, 2017, the Province of Ontario announced its Fair Hydro Plan, proposing to lower the average electricity bill for certain eligible customers.~~ On June 1, 2017, the Ontario ~~government~~Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"), ~~legislation that reallocates certain electricity costs over time and provides immediate rate relief to~~. The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms). ~~From~~; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[~~1~~6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding**

[~~1~~6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

	Obligations") for the purposes of the FHPA and the Regulations.[8] The Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10] Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the ~~right~~rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the

[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager ~~and will be converted by the OEB into a $/kWh rate and added to the electricity invoices sent to~~based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment ~~is an amount~~will be determined by the Financial Services Manager for each month in a Reference Period ~~(which is generally a six month period, subject to more frequent determinations in certain circumstances)~~ and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which ~~includes all financing and other expenses of the Issuer for~~will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is ~~comprised of~~required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods ~~plus other anticipated shortfalls.~~ .

The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption ~~and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not ~~be~~been paid in full. The

Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for ~~such~~a Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other ~~carrying costs~~Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, ~~2021,~~2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its ~~carrying costs~~Carrying Costs. Under the Regulations, ~~"carrying costs"~~Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement,[14] the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■,

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

[14] **Note:** Not sure how this lines up with fee recovery.

which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment ~~after such time shall~~for a period will be determined without regard to the fact that such amount has become ~~immediately~~ due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[15]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][16], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

[15] **Note:** Add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and specifically address in Risk Factors.

[16] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed ~~in $/~~as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment ~~in respect of the relevant period of time~~ as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast ~~provided by the IESO~~ of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment ~~commencing May 1, 2021,~~ as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][17], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][18] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[19] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[20] It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[21]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days

[17] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.
[18] **Note:** Please see note 16.
[19] **Note:** Please see note 16.
[20] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.
[21] **Note:** Please confirm.

prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See *"The Manager"*.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][22], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][23] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including ~~forecasting~~providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional

[22] **Note:** Please see note 16 regarding bracketed references to the "Issuer" in this paragraph..

[23] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][24] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the ~~Issuer and the~~ Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" ~~under~~when due and payable into the ~~Change of Law~~ Protection ~~Agreement and which~~Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of ~~the~~ Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years ~~and which~~that are not terminable by the Issuer on less than three years' notice ~~and on payment~~under which the Manager, acting reasonably, expects aggregate payments by the Issuer ~~of~~during the term of the contract in an amount ~~equal to or less than~~in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA~~, in whole~~ or ~~in part~~any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not

[24] **Note:** Please confirm.

replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA~~, in whole~~ or ~~in part~~any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the ~~Province of Ontario~~Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or ~~any~~an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (~~a~~i) to (~~e~~v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture

Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts ~~in respect of Approved Obligations, including the Senior Notes, the~~when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have ~~a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master

Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant ~~or representation of OPG~~, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions ~~having~~have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall ~~cease to~~not apply ~~only~~ in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer~~, in each case following delivery of a Suspension Notice~~.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension ~~if~~that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[25] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[26]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities ~~and having~~for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits].[27] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][28] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal

[25] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.
[26] **Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.
[27] **Note:** The description should more closely align with the stated purposes of the FHPA in Section 3 of the Act.
[28] **Note:** MOE to confirm whether including this sort of prediction is appropriate.

	Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes. The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.
Subordinated Debt:	Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes. Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.

Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of ~~carrying costs~~Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay ~~carrying costs~~Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount. In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering. See "*Capital Markets Platform — Security*".
Priority of Payments:	Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following

order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;

- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.

Optional Redemption: Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.

Purchase for Cancellation: The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.

Distribution Method: The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103).

By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.

Book-Entry Form: The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository,

	registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.
Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit

of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers,

acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:[29]

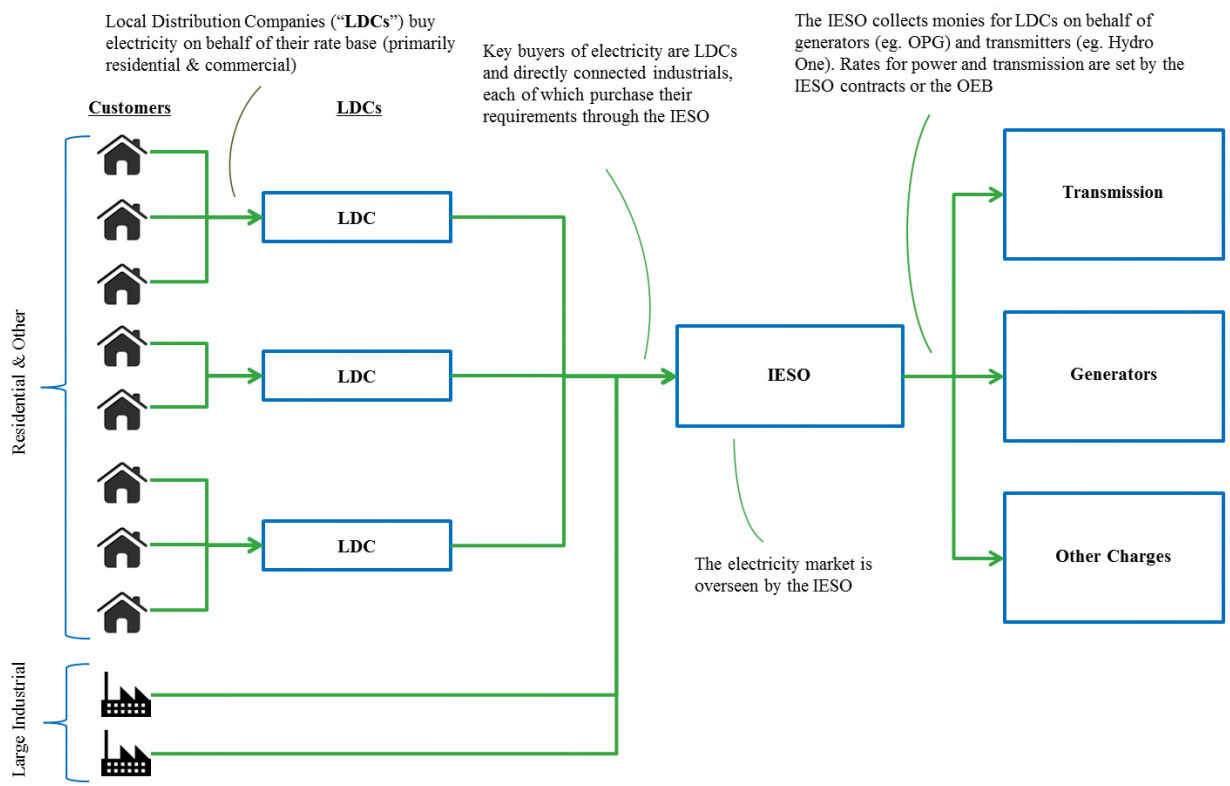

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two ~~main~~ components that make up the commodity cost of electricity in Ontario, the ~~hourly~~Hourly Ontario ~~energy price~~Energy Price ("**HOEP**") and the ~~global adjustment~~Global Adjustment charge.

[29] **Note:** Proposed revisions to the text in the chart: (i) "The electricity market is ~~overseen~~ administered by the IESO"; (ii) "~~Rates for power and transmission are set by the IESO contracts or the OEB~~ Prices paid to generators are determined by IESO contracts or approved by the OEB. Transmission rates are approved by the OEB."

- The HOEP is set by the IESO ~~on an hourly basis~~ based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is ~~also~~ paid by ~~loads~~all consumers. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For ~~all loads with a peak demand under 500 kW (in other words,~~ all Specified Consumers~~),~~[30] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities in this regard, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered commodity prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in ~~the~~ previous ~~period~~periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario ~~government~~Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[31] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][32]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will ~~in effect~~ be the ~~rate~~rates that ~~would~~ result in a representative consumer being charged an invoice amount that is 25%~~2~~[33] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**") absent Ontario's Fair Hydro Plan.

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

[30] **Note:** Some consumers below 500 kw are not Specified Consumers.
[31] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.
[32] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.
~~2~~[33] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government and the shifting of certain support program costs from the rate base to the tax base.

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one ~~of~~or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated its intention that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[34] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, in accordance with the FHPA, the IESO is not entitled to collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

[34] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover ~~all~~ its "Finance Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and ~~the Issuer's~~an ownership interest therein, an "**Investment Interest**"). The Investment ~~Interest consists of,~~ Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[35]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[36] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a ~~Reference Period~~period of time is an amount determined by the Financial Services Manager as follows:

[35] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be warranted here.

[36] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FHPA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the ~~Reference Period~~period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the ~~Reference Period~~period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the ~~Reference Period~~period;

(iv) payments required to be made in respect of any derivative agreements during the ~~Reference Period~~period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) ~~fees~~Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the ~~Reference Period; and~~period;

(vii) taxes paid or payable by ~~the Issuer~~or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that ~~are paid or~~ payable during the ~~Reference Period;~~period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the ~~Reference Period~~period;

(ii) for any period before May 1, 2021, amounts received during the ~~Reference Period in respect of funding rebates~~period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the ~~Reference Period~~period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the ~~Reference Period~~period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the ~~Reference Period~~period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax ~~during the Reference Period~~and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (~~a~~b) from the sum calculated under (~~b~~a).

~~The Clean Energy Adjustment will also take into account a true up comprised of~~In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment ~~plus other anticipated shortfalls (the "**True-up Amount**")~~during the preceding Reference Periods. The True-up Amount ~~accounts for~~may also reflect historical and reasonably foreseeable differences between the ~~required Clean Energy Adjustment~~estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs~~,~~; and variations in billings due to variations in electricity consumption ~~and~~. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. ~~After the final scheduled payment date of the Funding Obligation that has the latest maturity date of all outstanding Funding Obligations, the Financial Services Manager will calculate the True-up Amount quarterly.~~ The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a ~~$/~~cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment ~~in respect of the relevant period of time~~ provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption ~~provided by the IESO~~ of Specified ~~Consumers~~Creditors in respect of ~~the period~~such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[37] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until ~~deposited with the IESO and remit such amounts~~remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate ~~the~~any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[38] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[39] If there are any

[37] **Note:** Please see note 16 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).
[38] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.
[39] **Note:** Please confirm.

amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other ~~carrying costs~~Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][40] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

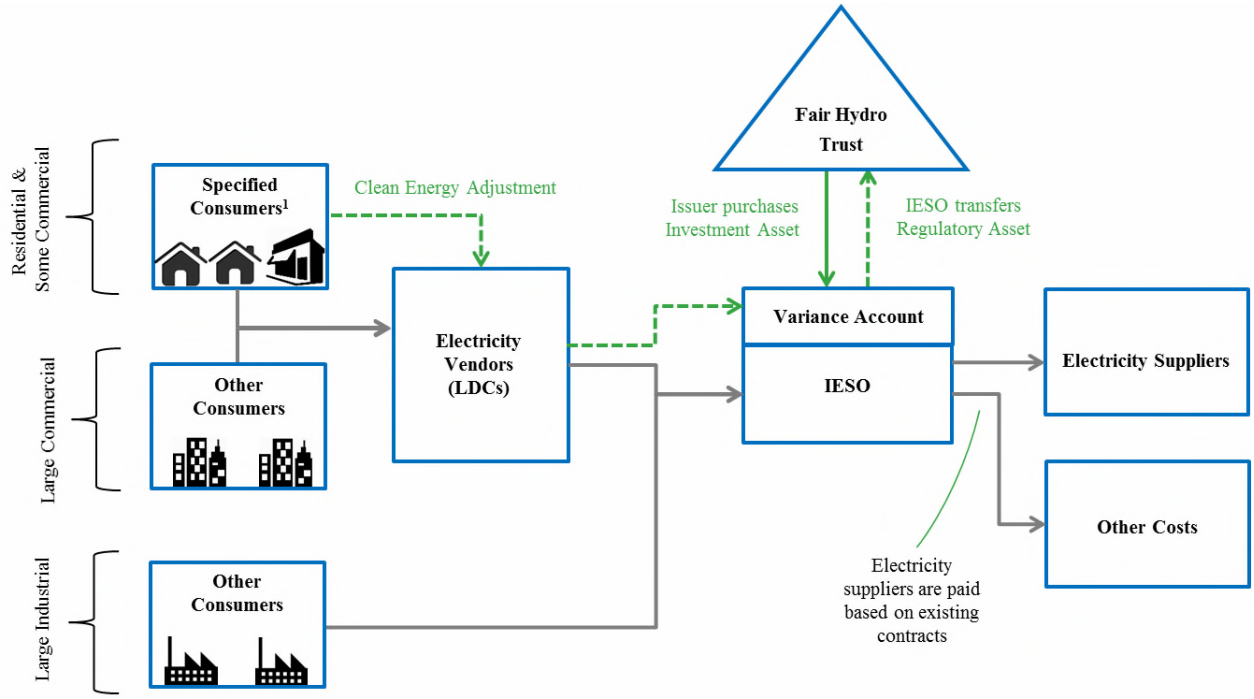

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and

[40] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[41] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of ~~any~~the first Funding ~~Obligations and the~~Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA, provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred ~~so that~~such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their fair share of the costs of providing Clean Energy Benefits][42]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][43] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[44] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its ~~"carrying costs". "~~Carrying Costs. Carrying ~~costs"~~Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt

[41] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.
[42] **Note:** Any description of the purpose of the FHPA should conform with the stated purposes of the Act set out in Section 3.
[43] **Note:** MOE to confirm.
[44] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.

obligations of the Issuer (including repayment of principal on the Senior Notes).[45] The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See "*The Transferor and Servicer*". The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See "*The Transferor and Servicer*".

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the ~~Ontario government~~Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the ~~Issuer and~~Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee~~, upon a Protection Event~~ of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture,

[45] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General Regulation under the FHPA (in effect as at December 21, 2017)][46], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under ~~or in connection with,~~ the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the ~~Province of Ontario~~Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or ~~any~~an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement

[46] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (~~a~~i) to (~~e~~v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

~~The priority of payments made~~

On a Protection Event and payment by the Province of Ontario ~~under the Change of Law Protection Agreement is governed by the Master Trust Indenture. Upon paying amounts in respect of the Approved Obligations, the Province of Ontario will have a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Approved Obligations, including the security interest in each related Investment Interest and any related property of the Issuer.~~of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any ~~refinancing of a Certified Primary Obligation~~Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee ~~prior to~~on or before the incurrence of such obligation certifying ~~that it~~, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition,

notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect ~~for as long as any Senior Notes remain outstanding~~until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a ~~refinancing~~Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such ~~refinancing~~Refinancing.

A "**Pre-Approved Refinancing**" means a ~~refinancing~~Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document ~~to which the Limited Guarantee applies and~~ which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust ~~established under~~governed by the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

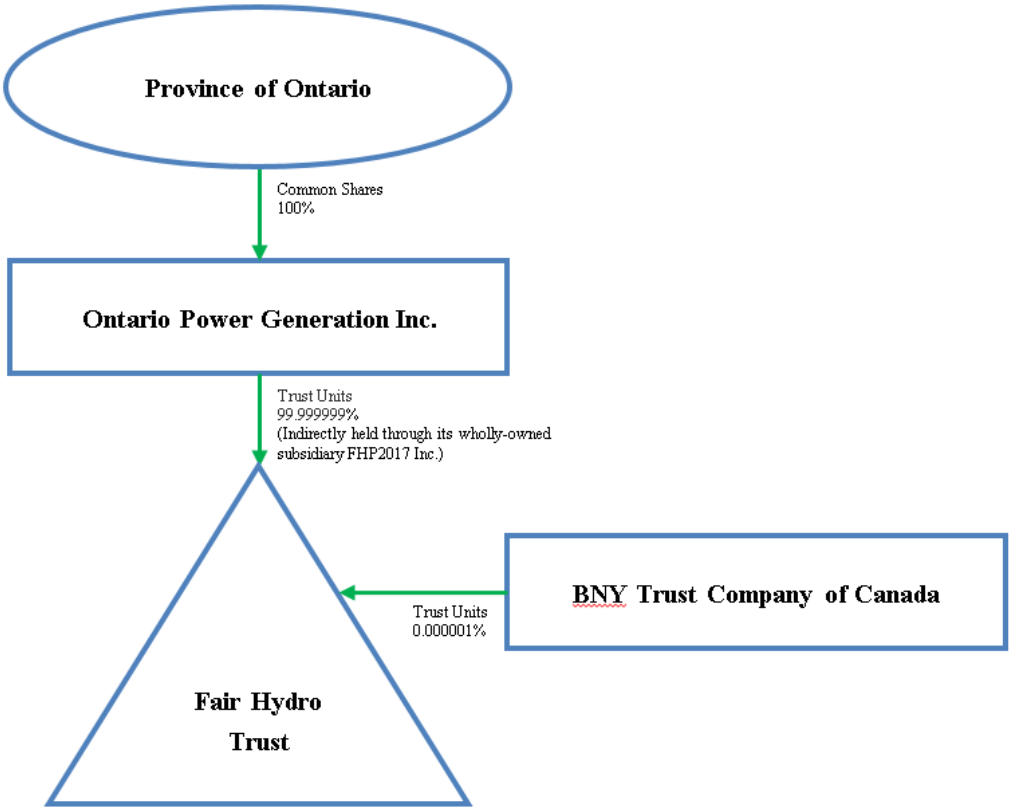

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations,[47] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

[47] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors – Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or ~~carrying costs~~Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

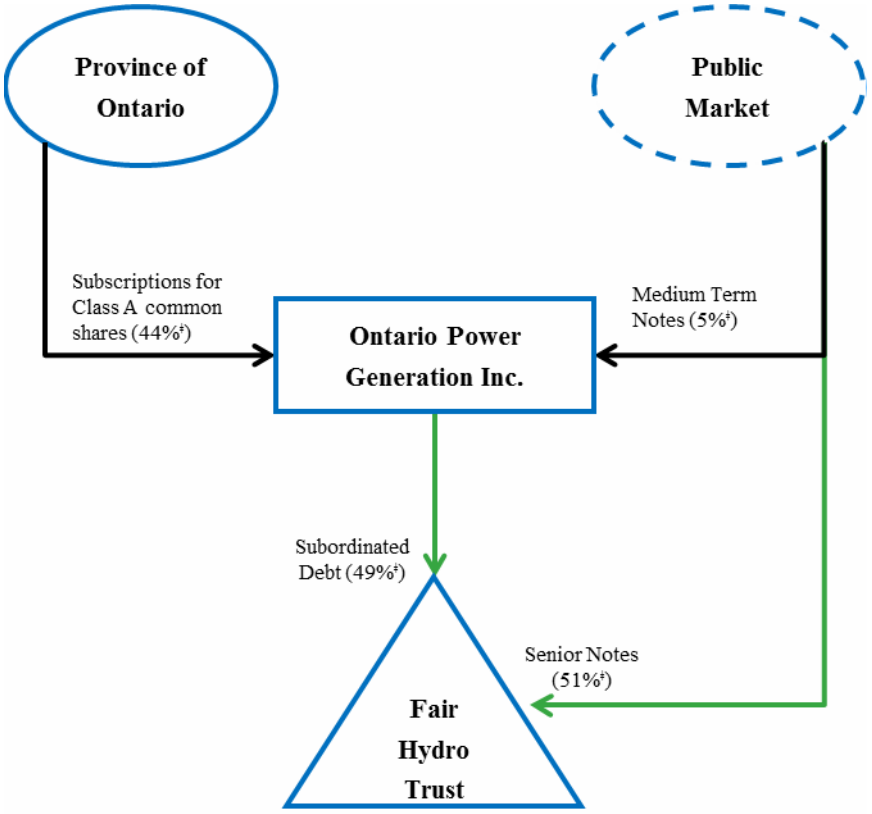

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[48] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's ~~carrying costs~~Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its ~~carrying costs~~Carrying Costs. Under the Regulations ~~"carrying costs"~~, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[49] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of ~~carrying costs~~Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs.

As security for the performance of its obligation to pay the Issuer's ~~carrying costs~~Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these ~~carrying costs~~Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

[48] **Note:** Please confirm.

[49] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee

has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor

Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code~~,~~ of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the

Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or

by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[50]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has ~~an~~ been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the

[50] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the ~~Collection~~Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. ~~All~~On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario ~~pursuant to~~under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities**

Account"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will ~~not~~ be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments

owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations

have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "*— Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in ~~the~~ any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then

outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel ~~of external counsel~~,[51] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less

[51] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;
- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;
- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;
- facilitate the issuance of foreign currency Issuer Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or
- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;
- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or
- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;
- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;
- a reduction in the amount of a discount note payable upon its acceleration;
- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;
- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;
- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or
- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;
- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;
- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;
- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;
- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;
- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;
- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the

Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.[52]

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

[52] **Note:** Please consider tracking the specific terms of section 6.1 of the General Regulation, and add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and Risk Factors.

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "— *Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such

Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement".*

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its

depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their

own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit ~~were successful, it would likely be a Protection Event and the provisions of the Change of Law Protection Agreement would apply. See "Change of Law Protection Agreement". If such successful lawsuit was not, however, a Protection Event~~was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the ~~Province of Ontario~~Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or ~~revoked~~repealed. Therefore, the only way for such provisions of the FHPA to be amended or ~~revoked~~repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that ~~materially and~~ adversely ~~effects~~affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay ~~its obligations under the Senior Notes~~Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose

some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[53] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[54]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other ~~carrying costs~~Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these ~~carrying costs~~Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's ~~carrying costs~~Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which ~~can~~is permitted to be used to pay the Issuer's ~~carrying costs~~Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[55] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other ~~carrying costs~~Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other ~~carrying costs~~Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of

[53] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

[54] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[55] **Note:** Is there any other information to be added apart from the expiry date?

~~carrying costs~~Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of ~~carrying costs~~Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other ~~carrying costs~~Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these ~~carrying costs~~Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"*. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or ~~general~~other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. ~~However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Senior Notes.~~

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described

in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the

repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform ~~—~~ Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy

Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[56]

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean

[56] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the ~~FHPA~~Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[57] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its

[57] **Note:** Please confirm.

consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[58] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

[58] **Note:** Please confirm source/ conform to wording in FHPA.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or

reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the ~~FHPA,~~*Fair Hydro Act, 2017*,[59] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or ~~guarantee~~guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

[59] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the

heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to

verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These

remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior

Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe

and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified

Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario ~~government~~ related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible

Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[60]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[61]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.[62]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as

[60] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[61] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

[62] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment ~~Interests, including~~Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding

Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[63]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental ~~Indentures~~Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

[63] **Note:** Definition not used.

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in

the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under "*The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amounts**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event".*

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

information: Superintendent of Securities

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on Friday, January 12, 2018 10:45:15 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23287504/1
Description	TOR_2528-#23287504-v1-Fair_Hydro_OM_-_Comments_of_the_Province
Document 2 ID	PowerDocs://TOR_2528/23287504/6
Description	TOR_2528-#23287504-v6-Fair_Hydro_OM_-_Comments_of_the_Province
Rendering set	standard

Legend:	
Insertion	
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~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	510
Deletions	246
Moved from	11
Moved to	11
Style change	0
Format changed	0
Total changes	778

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement January ■, 2018

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust ~~established under~~governed by the laws of the Province of Ontario, established by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"* and *"Risk Factors"*.

[1] **Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.
[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with

liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA viii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 17
ONTARIO'S FAIR HYDRO PLAN 20
CHANGE OF LAW PROTECTION AGREEMENT 27
THE ISSUER 32
THE MANAGER 34
SUBORDINATED DEBT 36
SHORT TERM INDEBTEDNESS 37
THE TRANSFEROR AND SERVICER 38
CREDIT RATINGS 40
RATING AGENCY CONDITION 41
CAPITAL MARKETS PLATFORM 41
DESCRIPTION OF NOTES 65
DEPOSITORY SERVICES 67
PLAN OF DISTRIBUTION 69
RISK FACTORS 69
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 82
LANGUAGE OF DOCUMENTS 86
RESTRICTIONS ON RESALE 86
REPORTING REQUIREMENTS 87
STATUTORY RIGHTS OF ACTION 87
INDENTURE TRUSTEE 97
LEGAL MATTERS 97
GLOSSARY 98
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 110
EXHIBIT 1 111

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.
- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

[3] **Note:** Please complete.
[4] **Note:** Please complete.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.
- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement".*
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations.[8] The

[6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

	Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10] Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and*

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

Servicer".

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods.

The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the

Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, 2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement,[14] the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

[14] **Note:** Not sure how this lines up with fee recovery.

with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[15]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][16], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Consumers in respect of such period, based on forecast information provided to the OEB by the IESO. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See *"Electricity Industry in Ontario"* and the Investor Presentation attached as Exhibit 1 to this

[15] **Note:** Add detailed ~~description~~descriptions to correspond to ~~this summary~~the limitation on cashflows during acceleration in the applicable detailed ~~portion~~portions of the OM and specifically address in Risk Factors.

[16] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][17], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][18] until remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[19] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[20] It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[21]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See *"The Transferor and Servicer."*

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations; negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See *"The*

[17] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.
[18] **Note:** Please see note 16.
[19] **Note:** Please see note 16.
[20] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.
[21] **Note:** Please confirm.

Manager".

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][22], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][23] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][24] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See *"The Transferor and Servicer."*

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which, provided that the Notes are Approved Obligations, includes

[22] **Note:** Please see note 16 regarding bracketed references to the "Issuer" in this paragraph..

[23] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

[24] **Note:** Please confirm.

payments of amounts that are due and payable in respect of Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to

receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection

Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any

Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[25] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[26]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and

[25] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.

[26] **Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.

payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits].[27] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][28] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than

[27] **Note:** The description should more closely align with the stated purposes of the FHPA in Section 3 of the Act.
[28] **Note:** MOE to confirm whether including this sort of prediction is appropriate.

	35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June and July 2021, provided such amount in (ii) satisfies the Rating

Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see *"Warehouse Facilities"*);
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior subordinated obligations;

- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency: Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription: Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The

	minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.
Optional Redemption:	Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.
Purchase for Cancellation:	The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.
Distribution Method:	The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.

Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit

of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers,

acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:[29]

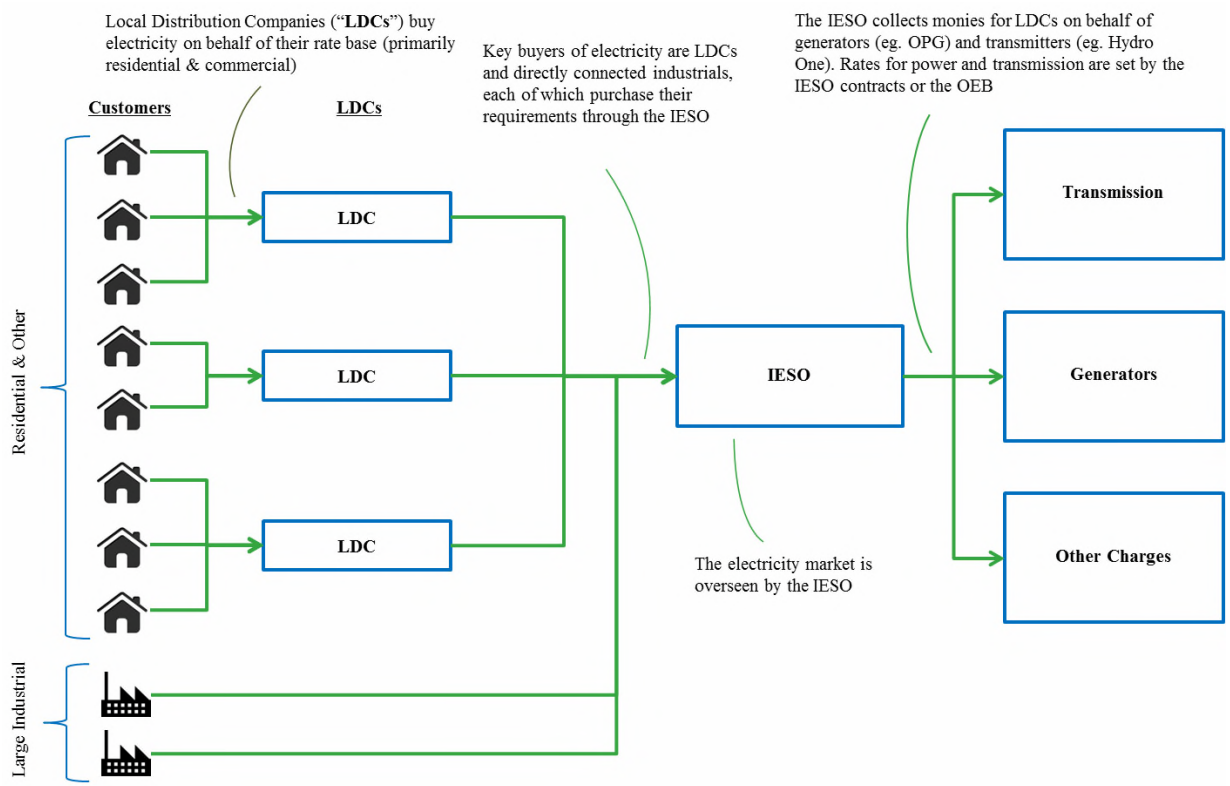

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the Global Adjustment charge.

[29] **Note:** Proposed revisions to the text in the chart: (i) "The electricity market is ~~overseen~~ administered by the IESO"; (ii) "~~Rates for power and transmission are set by the IESO contracts or the OEB~~ Prices paid to generators are determined by IESO contracts or approved by the OEB. Transmission rates are approved by the OEB."

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is paid by all consumers. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all Specified Consumers[30] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities in this regard, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered commodity prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[31] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][32]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will be the rates that result in a representative consumer being charged an invoice amount that is 25%[33] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**") absent Ontario's Fair Hydro Plan.

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

[30] **Note:** Some consumers below 500 kw are not Specified Consumers.
[31] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.
[32] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.
[33] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government and the shifting of certain support program costs from the rate base to the tax base.

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated its intention that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[34] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, in accordance with the FHPA, the IESO is not entitled to collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

[34] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover its "Finance Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[35]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[36] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

[35] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional expl anation/ disclosure may be warranted here.

[36] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FH PA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) for any period before May 1, 2021, amounts received during the period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during the preceding Reference Periods. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Creditors in respect of such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[37] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[38] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[39] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy

[37] **Note:** Please see note 16 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).
[38] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.
[39] **Note:** Please confirm.

Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][40] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

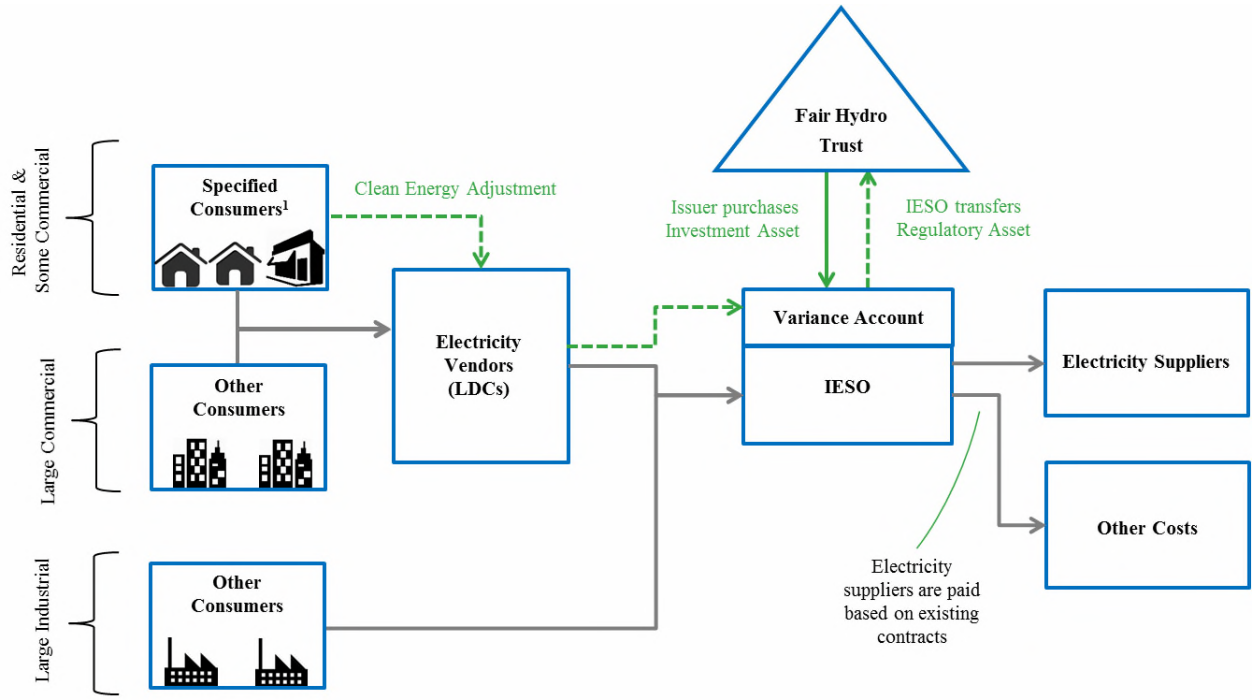

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[41] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

[40] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

[41] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their fair share of the costs of providing Clean Energy Benefits][42]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][43] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[44] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[45] The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs.

[42] **Note:** Any description of the purpose of the FHPA should conform with the stated purposes of the Act set out in Section 3.
[43] **Note:** MOE to confirm.
[44] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.
[45] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General Regulation under the FHPA (in effect as at December 21, 2017)][46], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

[46] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to

which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of

the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding

Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust ~~established under~~governed by the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

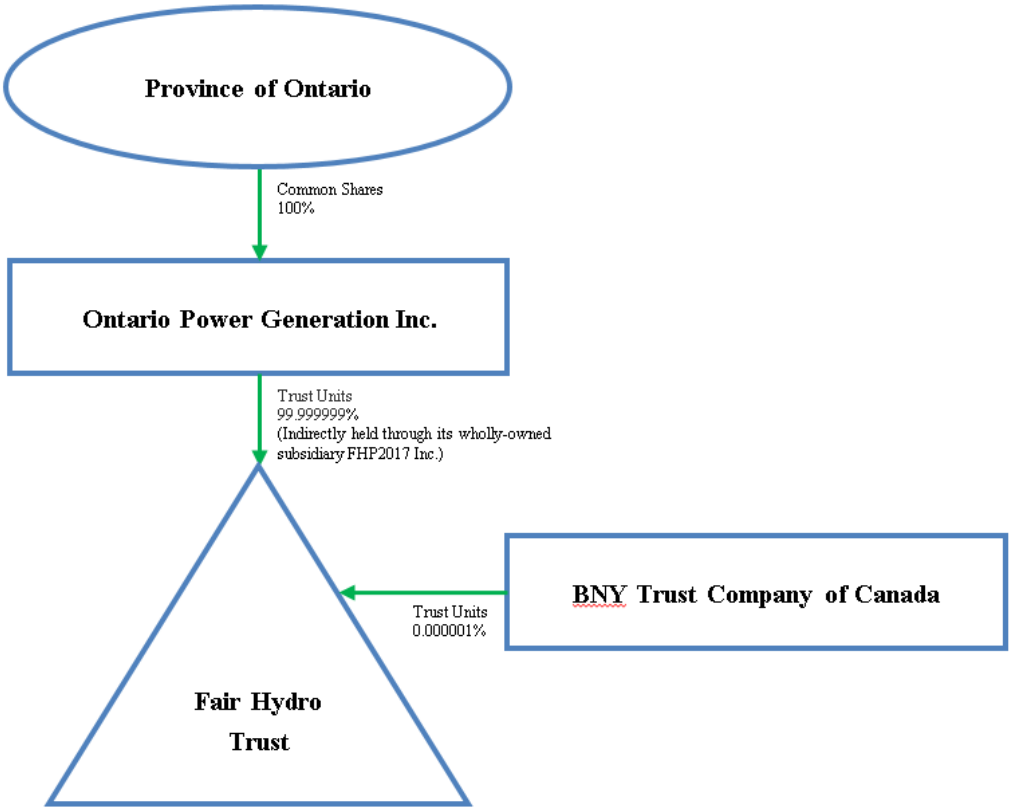

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations,[47] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

[47] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors – Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

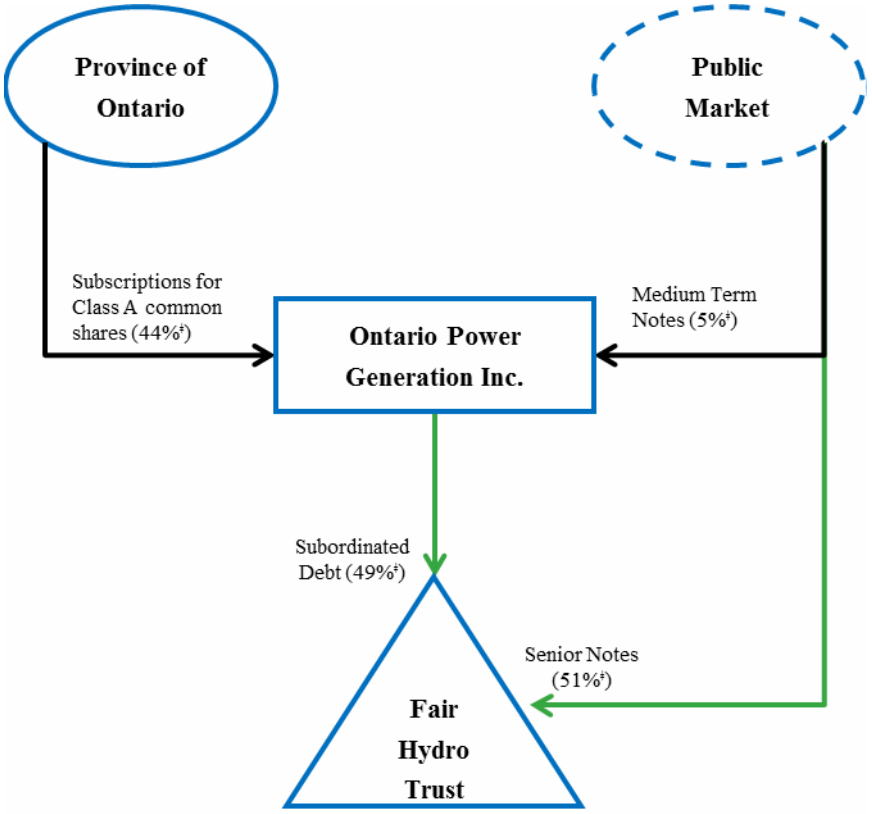

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[48] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[49] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs.

As security for the performance of its obligation to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

[48] **Note:** Please confirm.

[49] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*, "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee

has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;
- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;
- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;
- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);
- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and
- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor

Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the

Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or

by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[50]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the

[50] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified

Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments

owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations

have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "—*Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "*— Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "— *Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then

outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel,[51] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less

[51] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;
- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;
- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;
- facilitate the issuance of foreign currency Issuer Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or
- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;
- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or
- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;
- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;
- a reduction in the amount of a discount note payable upon its acceleration;
- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;
- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;
- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or
- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;
- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;
- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;
- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;
- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;
- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;
- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the

Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"Capital Markets Platform"*.[52]

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

[52] **Note:** Please consider tracking the specific terms of section 6.1 of the General Regulation, and add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and Risk Factors.

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "— *Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such

Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;
- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;
- the price at which such Series or Tranche of Senior Notes will be issued;
- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;
- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;
- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;
- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;
- any events of default with respect to such Series or Tranche of Senior Notes;
- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;
- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its

depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their

own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[~~52~~53] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[~~53~~54]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[~~54~~55] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority

[~~52~~53] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

[~~53~~54] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[~~54~~55] **Note:** Is there any other information to be added apart from the expiry date?

security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be ~~nonrecourse~~limited recourse obligations, secured only by the collateral. See *"Capital Markets Platform — Acceleration and Remedies — Limited Recourse"*. Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not

sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform ~~—~~ Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[~~55~~56]

[~~55~~56] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to

the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[~~56~~57] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

[~~56~~57] **Note:** Please confirm.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[~~57~~58] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power

[~~57~~58] **Note:** Please confirm source/ conform to wording in FHPA.

lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan

of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under *"Risks Associated with the Unusual Nature of the Investment Asset"*.

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary);

and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017*,[~~58~~59] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

[~~58~~59] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the

heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to

verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These

remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior

Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe

and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified

Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible

Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[~~59~~60]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[~~60~~61]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the

[59] ~~**Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.~~

[60] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[60] ~~**Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.~~

[61] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

FHPA to perform the duties assigned to it thereunder.[~~61~~62]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

[~~61~~] ~~**Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.~~
[62] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust governed ~~under~~by the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity

agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[~~62~~63]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees,

[~~62~~] ~~**Note:** Definition not used.~~
[63] **Note:** Definition not used.

whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Protection Account"*.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under "*The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amounts**" has the meaning set out under "*Change of Law Protection Agreement — Protection Event*".

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

information: Superintendent of Securities

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

Document comparison by Workshare Compare on Friday, January 12, 2018 10:44:19 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23287504/5
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Rendering set	standard

Legend:	
Insertion	
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Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	57
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Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	103

Fair Hydro Trust
Investor Presentation

January [xx], 2018

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This presentation does not, and does not purport to, contain all information that may be material to an investment decision in respect of the Issuer's Notes. It is only a summary of certain information in respect of the Issuer. Prior to making an investment decision with respect to the Issuer's Notes, prospective investors should carefully review the Confidential Shelf Offering Memorandum, including the related Term Sheet, pursuant to which such Notes are offered (the Offering Memorandum). The information and opinions contained in this presentation are qualified in their entirety by reference to the Offering Memorandum. **[Consider indicating that the presentation is incorporated by reference into and forms part of the OM]** In particular, reference should be made to the risks of any investment in the Issuer's Notes offered and the statutory rights of rescission or rights to damages available to purchasers of such Notes described in the Offering Memorandum. No representation or warranty, express or implied, is given by or on behalf of the Issuer, the Agents or any other person as to the accuracy or completeness of the information or opinions contained in this presentation.

Some of the statements contained in this presentation, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. The forward-looking information contained in this presentation is presented for the purposes of assisting prospective purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances. Reference should be made to the information under the headings "Caution Regarding Forward-Looking Information" and "Risk Factors" in the Offering Memorandum.

The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, neither the Issuer nor Ontario Power Generation (OPG) intends, or assumes any obligation, to revise or update any information in this presentation.

By attending this presentation, or accepting a copy of this presentation, each prospective purchaser agrees that all information contained herein, all documents delivered in connection herewith and all other information obtained by such prospective purchaser in relation to the Issuer or OPG (collectively, the Confidential Information) is confidential, that none of the Confidential Information will be copied, transcribed, recorded or transmitted by the recipient for any reason or used for any purpose other than evaluating an investment in the Issuer's Notes, and that the recipient will hold all of the Confidential Information in confidence and will not provide any of it to third parties other than persons retained to advise the recipient with respect to the purchase of the Issuer's Notes (so long as they advise such persons of the confidential nature of such Confidential Information), without the prior written consent of the Issuer and OPG.

Presenters

ONTARIO POWER GENERATION

Ken Hartwick
Chief Financial Officer & Senior Vice President – Finance

John Lee
Vice President, Treasurer

Table of Contents

I. Introduction and Transaction Overview
II. Ontario Electricity Market
III. Legislative and Regulatory Framework
IV. Contractual Framework
V. Financing Program
VI. Summary of the Offering
VII. Key Risks and Mitigants
VIII. Investment Highlights

I. Introduction and Transaction Overview

Introduction

Ontario's Fair Hydro Plan

- ~~The Province of Ontario announced its Fair Hydro Plan (FHP) on March 2, 2017, which proposed to lower the average electricity bill for eligible customers1 (referred to as Specified Consumers) by 25% (the Fair Adjustment)~~
- ~~The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax granted by the Ontario government in January 2017~~
- ~~It is expected that the rate reduction will be in effect until April 30, 2021, with any rate increases until that date limited to the rate of inflation in Ontario~~
- **[Rather introduce by focusing on the enacted legislation. Earlier plan and announcement were superceded by the more detailed context of the legislation.]**

Legislation

- On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (~~together, with the regulations promulgated thereunder,~~ the "FHPA" or "Act"). **[Track the purpose language in s. 3 OFHPA. Rate reduction is incidental and need not be emphasized.]**
- The FHPA is supplemented by regulations related to the implementation of the FHPA (the "Regulations" and (together, with the Regulations, the "[Legislation]").
- The FHPA imposes an irrevocable and non-bypassable charge recoverable from Specified Consumers and referred to as the Clean Energy Adjustment (CEA). The CEA for a period ~~that~~ will be determined in accordance with the Legislation by Ontario Power Generation (OPG) in its role as Financial Services Manager under the Act.
- The CEA will be determined for each month during successive six month reference periods and will be ~~period and~~ converted by the Ontario Energy Board (OEB) into a cent per ~~$/~~kWh rate and added to electricity invoices sent to Specified Consumers ~~commencing on May 1, 2021~~.
- From [July 1, 2017] to April 30, 2021 (the "Moratorium Period"), no payments in respect of the CEA are expected to be collected. During the Moratorium Period and until July 31, 2021, ~~CEA will be collected; during this period~~ the Independent Electricity System Operator (IESO) is obligated to pay all funding and [other expenses] of the [Trust][Financing Entities] (excluding principal) (referred to as "Carrying Costs")

Fair Hydro Trust

- The implementation of the Fair Hydro Plan will be financed by the Fair Hydro Trust ("FHT", the "Trust" or the "Issuer") **[Consider other financing entities?]**through the issuance of senior, subordinated and junior subordinated notes.
- Structured to be bankruptcy remote and even though consolidated by OPG on an accounting basis is ring fenced from OPG's other creditors
- The FHT term notes will be repaid through the CEA payments received from Specified Consumers or from the proceeds of one or more refinancings.

1 Primarily Regulated Price Plan-eligible customers.

Transaction Structure

- Concurrent with every issuance of senior notes, it is expected that OPG will purchase subordinated debt and junior subordinated debt of the Trust in an aggregate amount not to exceed 49% of all outstanding debt

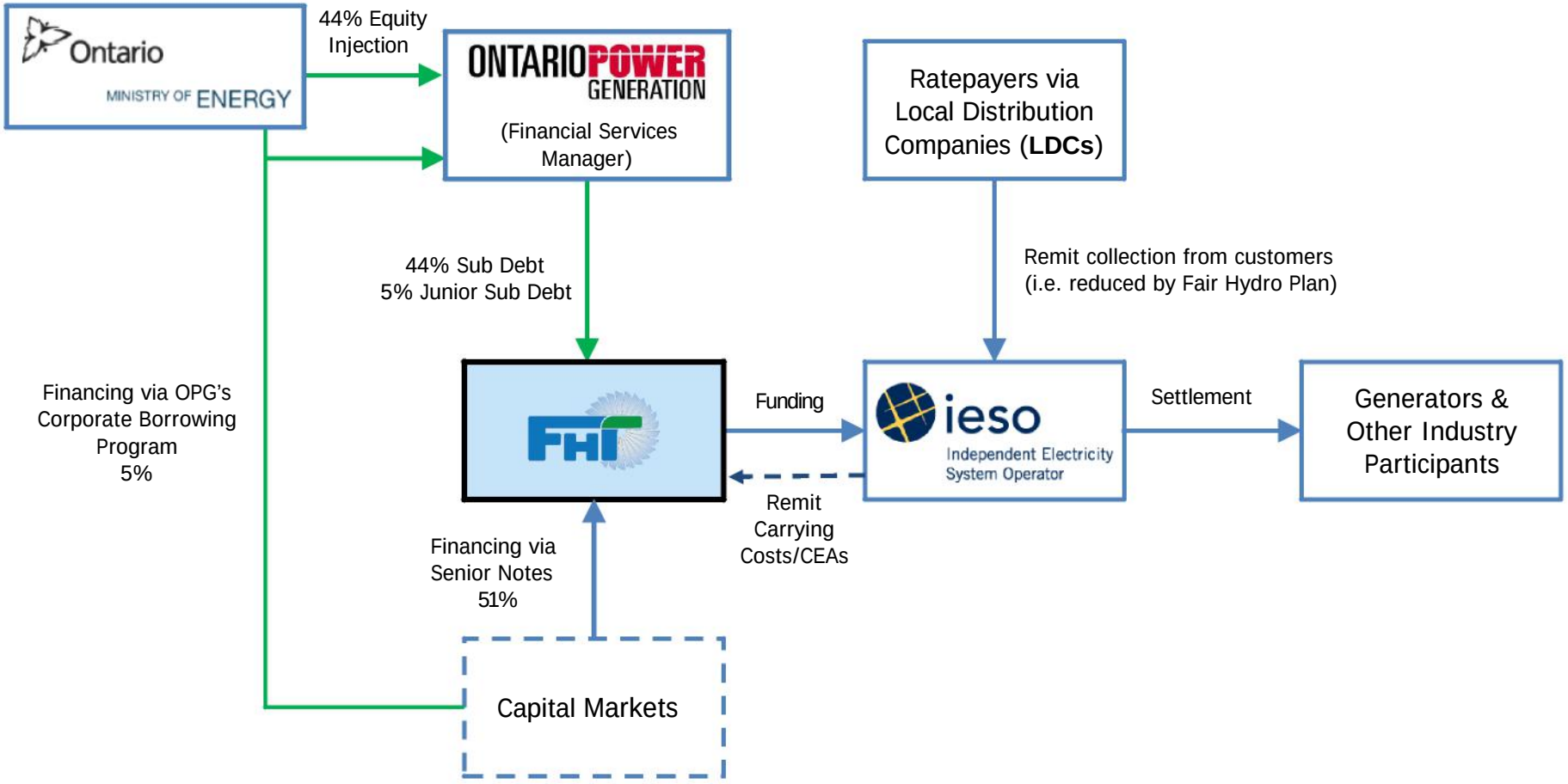

Note: The diagram above is based on subordinated debt of 49% of all outstanding debt; under the Master Trust Indenture, the Trust covenants to maintain the level of subordinated debt plus junior subordinated debt at not less than [35% of all outstanding debt] **[Elaborate]**

Note: The assets and liabilities of the Trust are deemed, under the *Electricity Act, 1998* to exclude the assets and liabilities of OPG, and vice versa. **[Needed?]**

II. Ontario Electricity Market

Overview of Ontario's Electricity Market

- Highly regulated electricity market comprised primarily of three components: generation, transmission and distribution; ~$22 billion in average annual cash flows[1]
- Transmission rates, distribution rates, and OPG's regulated rates are set by the OEB
- Rates for the majority of the remaining generation supply are set by direct contracts with the IESO (e.g. wind, solar, hydroelectric)

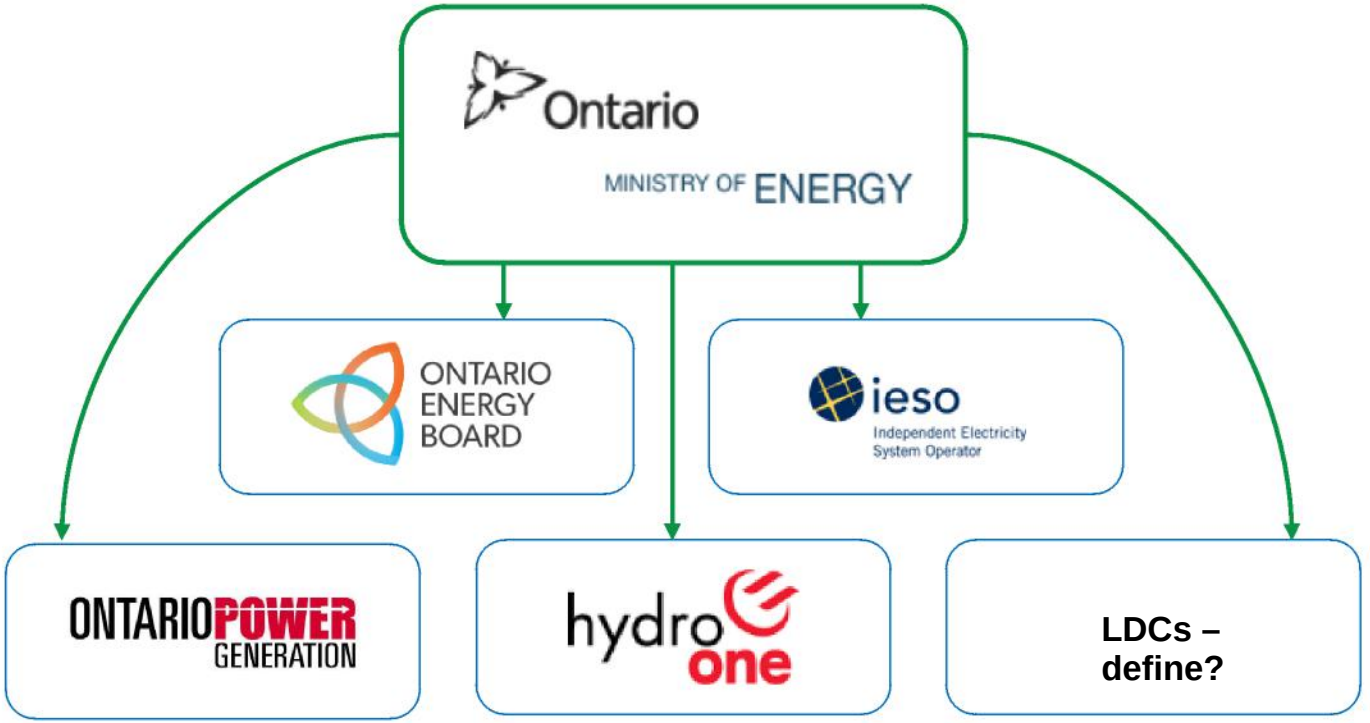

[1] Source: "Ontario Planning Outlook – A technical report on the electricity system prepared by the IESO" dated September 1, 2016. The amount represents the mathematical average of the system costs on page 44 in the appendix to the technical report, entitled "Data Tables for the OPO Technical Report".

Key Industry Participants

Participants	Credit Ratings *(DBRS / S&P / Moody's)*	Description
Ontario Ministry of Energy	**AA (l) / A+ / Aa2** [1]	• The Province of Ontario through the Ministry of Energy sets the policy for the electricity system
Ontario Energy Board	**--**	• Independent public regulatory agency established under the *Ontario Energy Board Act, 1998* and has the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors • Sets the regulated price for the commodity cost charged to most residential electricity customers via the Regulated Price Plan (RPP); RPP rates are set twice a year (May and November)
IESO Independent Electricity System Operator	**A(h) / -- / Aa2**	• Not-for-profit corporation established under the *Electricity Act, 1998 (Ontario)* • Manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
Ontario Power Generation	**A(l) / BBB+ / --**	• Corporation formed under the *Business Corporation Act (Ontario)*, whose sole shareholder is the Province of Ontario • Principal business is the generation and sale of electricity in Ontario and is Ontario's largest clean energy electricity generator, providing approximately half of the province's electricity
hydro one	**A(h) / A / A3**	• Ontario's largest electricity transmission and distribution company, delivering electricity to over 1.3 million customers across the province, and to large industrial customers and municipal utilities **[Relevance? Not named in OM.]**

[1] The credit ratings noted are for the Province of Ontario.

Key Industry Participants – LDC Overview

- As part of the restructuring of Ontario's electricity industry under the *Energy Competition Act, 1998*, the municipal electricity utilities became municipally-owned business corporations, including LDCs. The majority of LDCs continue to be municipally-owned, while others have been sold to or acquired by Hydro One or private-sector owners
- An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors

Select Aggregate Market Stats[1]

Number of LDCs in Ontario	65
Residential & Small Commercial[2] Revenue	$18.89 billion
Residential & Small Commercial[2] Metered Usage (kWh)	52.39 billion
Residential Customers	4.61 million
Small Commercial[2] Usage Customers	0.44 million
Total Residential & Small Commercial[2] Customers	5.05 million

Top 5 LDCs by Customer Base[1]

	Rating[3] *(S&P/DBRS/Moody's)*	Customers[4] *(MM)*	Revenue[4] *(C$MM)*
hydro one	A / A(h) / A3	1.30	$4,533
alectra utilities	A / A / --	0.96	$3,642
TORONTO HYDRO	A / A / --	0.75	$3,886
HydroOttawa	BBB+ / A / --	0.32	$1,130
London Hydro	A / -- / --	0.15	$488
		3.49	$13,680

1 Source: OEB 2016 Yearbook of Electricity Distributors **[UPDATE?]**
2 Small Commercial includes General Service <50kW Customers
3 Most recent rating reports from S&P, DBRS and Moody's
4 Residential and Small Commercial customers **[COMPARE TO SPECIFIED CONSUMERS?]**

Electricity Market with FHT

- Under the FHPA, each month the IESO determines the shortfall that [results from the Fair Adjustment] **[Please consider more precisions. See the statutory definition of "IESO deferral".]** and records this amount, together with financing costs, in a variance account
- FHT will [acquire the Investment Interest to be financed by…] ~~finance the~~ ~~shortfall and is entitled to recover~~ The acquired Investment Interest entitles FHT to be paid an amount determined by reference to its costs and the principal and interest on its debt, through CEAs from Specified Consumers

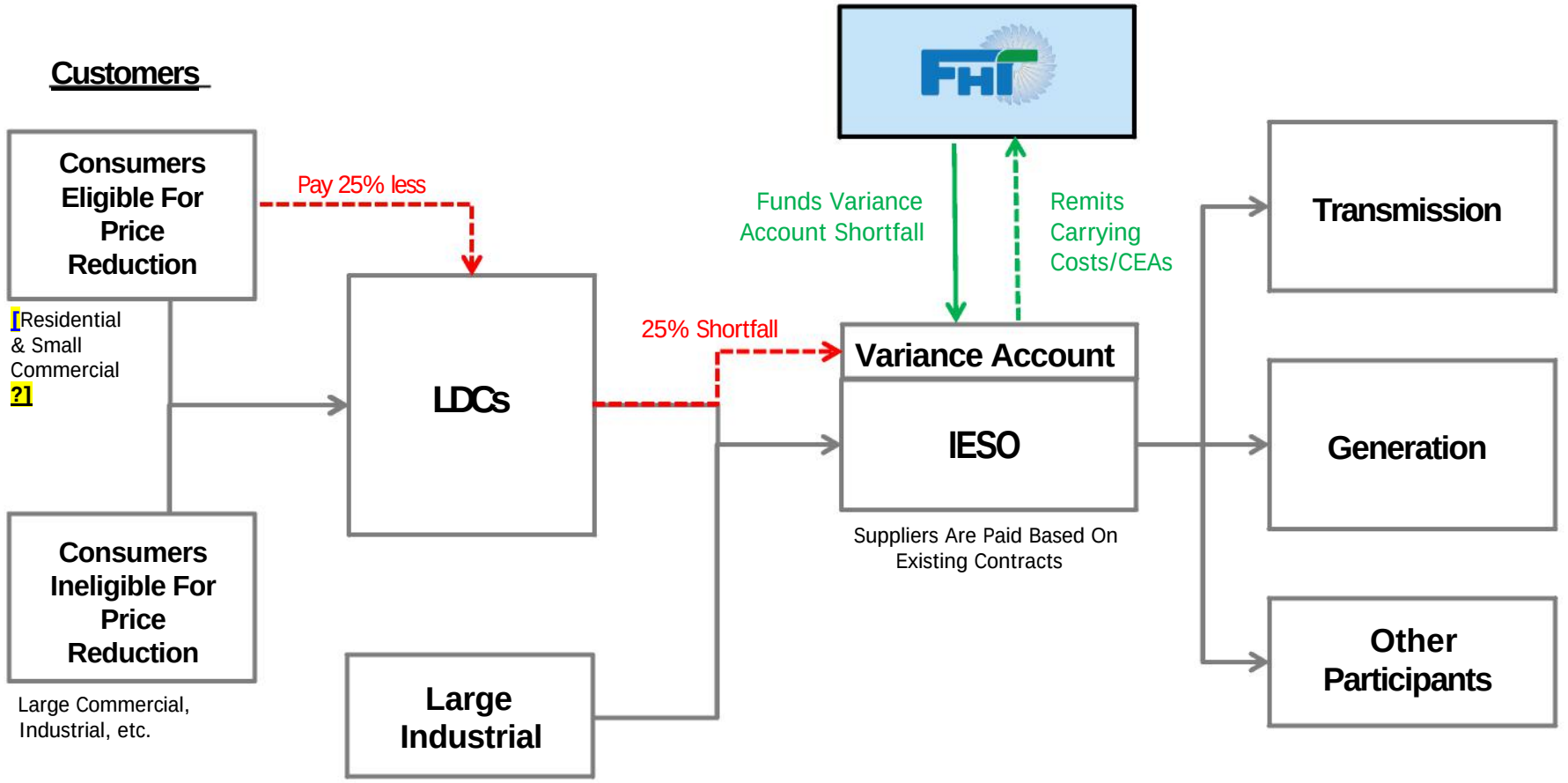

III. Legislative and Regulatory Framework

Legislation Overview

Purpose	• The FHPA was enacted to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future Specified Consumers • Clean energy costs are costs allocated to consumers as a result of Ontario's clean energy initiatives; clean energy benefits are benefits that accrue to both present and future electricity consumers
Specified Consumers	• A category of consumers that generally is comprised of residential consumers, small businesses and farms • Includes consumers with a demand for electricity of 50 kW or less or those that use not more than 250,000 kWh of electricity annually
Rate Reduction Period	• **July 1, 2017** – **April 30, 2018** – Specified Consumers charged an invoice amount that is 25%[1] less than the regulated rate that would otherwise have been determined by the OEB; the 25% reduction includes an 8% rebate equivalent to the provincial portion of the HST previously granted by the Ontario government • **May 1, 2018** – **April 30, 2019** - regulated rate established in the first year of the Rate Reduction Period anticipated to increase by the rate of inflation in Ontario • **May 1, 2019** – **April 30, 2021** - rate reductions **[**will be established by future regulation**]** **[Not determined]** but anticipated to increase by the rate of inflation in Ontario **[Not confirmed]**

[1] Based on a typical Toronto Hydro customer; the amount of the reduction for any given Specified Consumer may vary from this account.

Legislation Overview, cont'd

Regulatory Asset	• Each month the IESO determines [the shortfall that results from the Fair Adjustment] **[Replace with concept of IESO deferral]** and records this amount, together with the costs of financing the shortfall, in a variance account • The IESO has the right to recover the balance recorded in the variance account from Specified Consumers (such right is the "Regulatory Asset") • The IESO may transfer a specified portion of the Regulatory Asset to **[**the Trust**]** for a cash purchase price equal to the corresponding amount recorded in the variance account
Investment Asset and Investment Interests	• The Trust is not obligated to purchase Regulatory Assets from the IESO • If the IESO and the Trust agree to the transfer of a specified portion of the Regulatory Asset, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Trust (such right is an "Investment Interest") • By acquiring an Investment Interest, **[**the Trust**]** will be entitled to recover all of its associated financing costs and acquires the right to impose, invoice, collect, receive and recover CEAs from Specified Consumers in accordance with the Legislation
Moratorium Period *(July 1, 2017 to April 30, 2021)*	• CEAs are **[**not permitted to be collected from Specified Consumers during this period**]** **[Conform to Legislation]** • The IESO is obligated to pay [the Trust all Carrying Costs**]**, excluding repayment of principal on any debt obligations, during the Moratorium Period and extending to July 31, 2021. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to Regulations • As security for the performance of its obligations, the IESO has granted the Trust a first-priority security interest in all of its accounts receivable owing by Electricity Vendors to the IESO • The IESO has a $2 billion general credit facility from the Ontario Financing Authority (OFA) which can be used to pay the Carrying Costs **[Suggestive that OFA line will necessarily be available to cover varying costs?]**

Clean Energy Adjustments

- Under the FHPA, the CEA is the amount payable by Specified Consumers to cover the [cost of financing the shortfall from the Fair Adjustment] **[consider precision/alignment with Legislation]** and the associated costs of the financing, including payment of principal, operating costs of the Trust and funding of
- CEAs shown on an invoice issued to Specified Consumers represents the amount of the consumers' indebtedness and may not be set off or bypassed

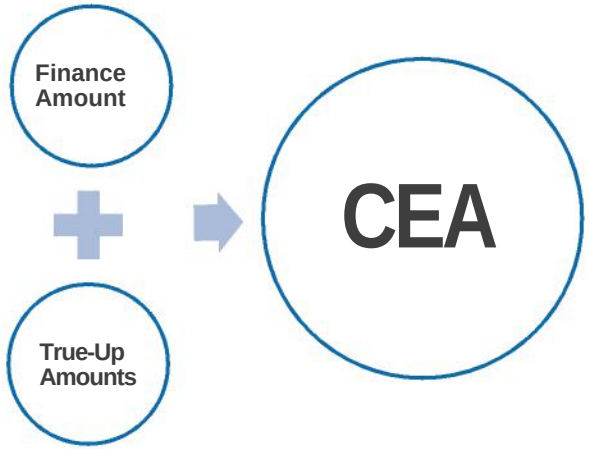

Finance amount = estimate of the amount payable by the Trust mainly in respect of principal payments, interest costs, Trust expenses and taxes, reserve account deposits and derivative payments

True-up amounts capture the difference between the finance amounts incurred by the Trust and the CEAs collected from Specified Consumers and also include other anticipated shortfalls and differences due to various factors (e.g. consumer defaults and delays, billing lags, write-offs and variations in electricity consumption)

Billing and Collection of CEAs

- CEA amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
- Collection risk for CEA amounts are mitigated through statutory rights in the FHPA, the collection obligations of the IESO under the Master Transfer & Servicing Agreement (MTSA), and the ability to include amounts into the true up mechanism
- IESO is allowed to commingle the CEAs during a monthly period before remitting to FHT. If the IESO's rating is downgraded below investment grade, it will not be allowed to commingle CEAs and will remit within two business days of receipt

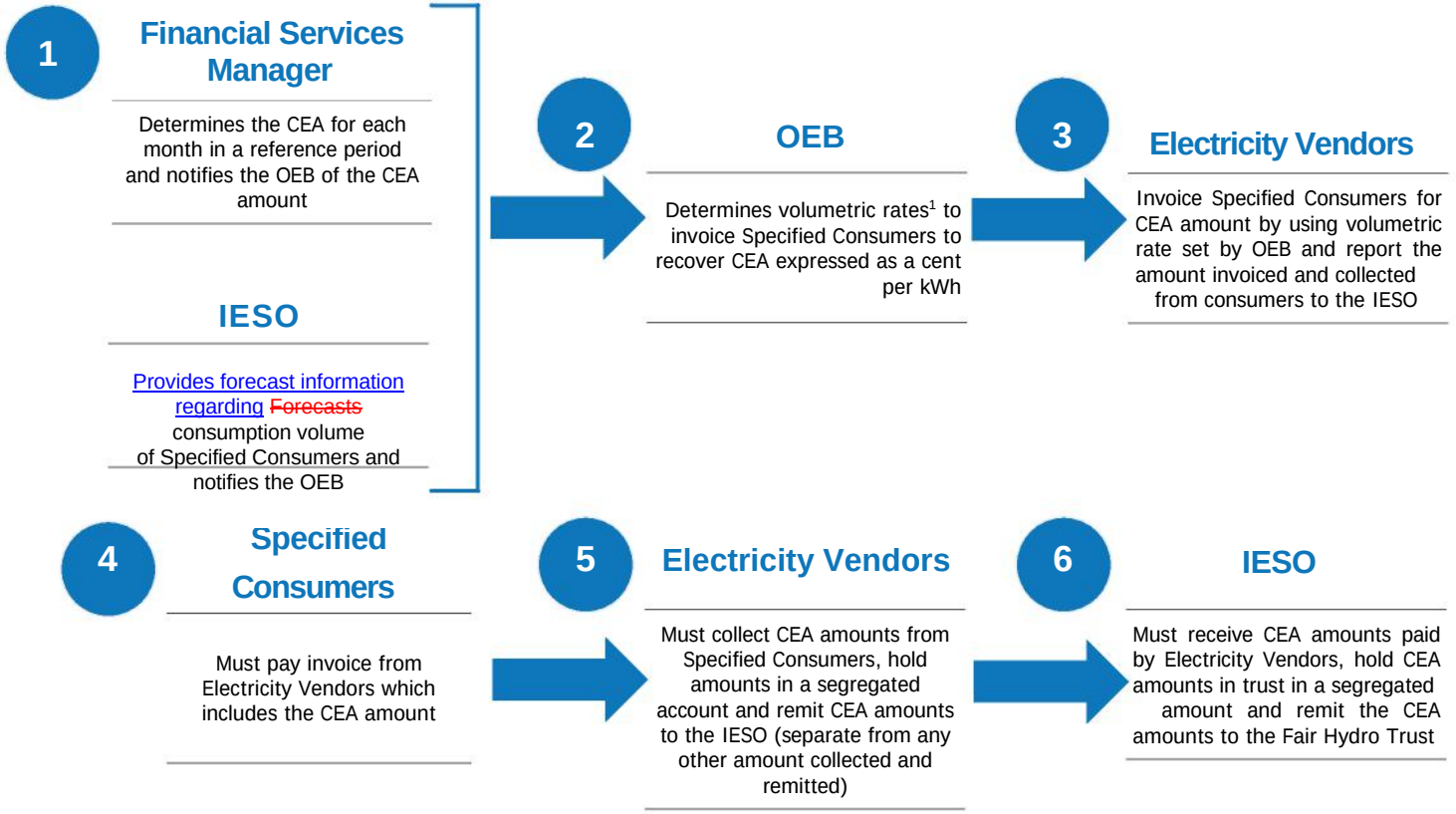

[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by Specified Consumers.

[CONFIRM IF FAIR ALLOCATION SHOULD BE INCLUDED. NOT IN OM. CONSIDER ANY CONFIDENTIALITY CONCERNS.]

[Please note that this graph was distorted in converting the pdf to Word.]

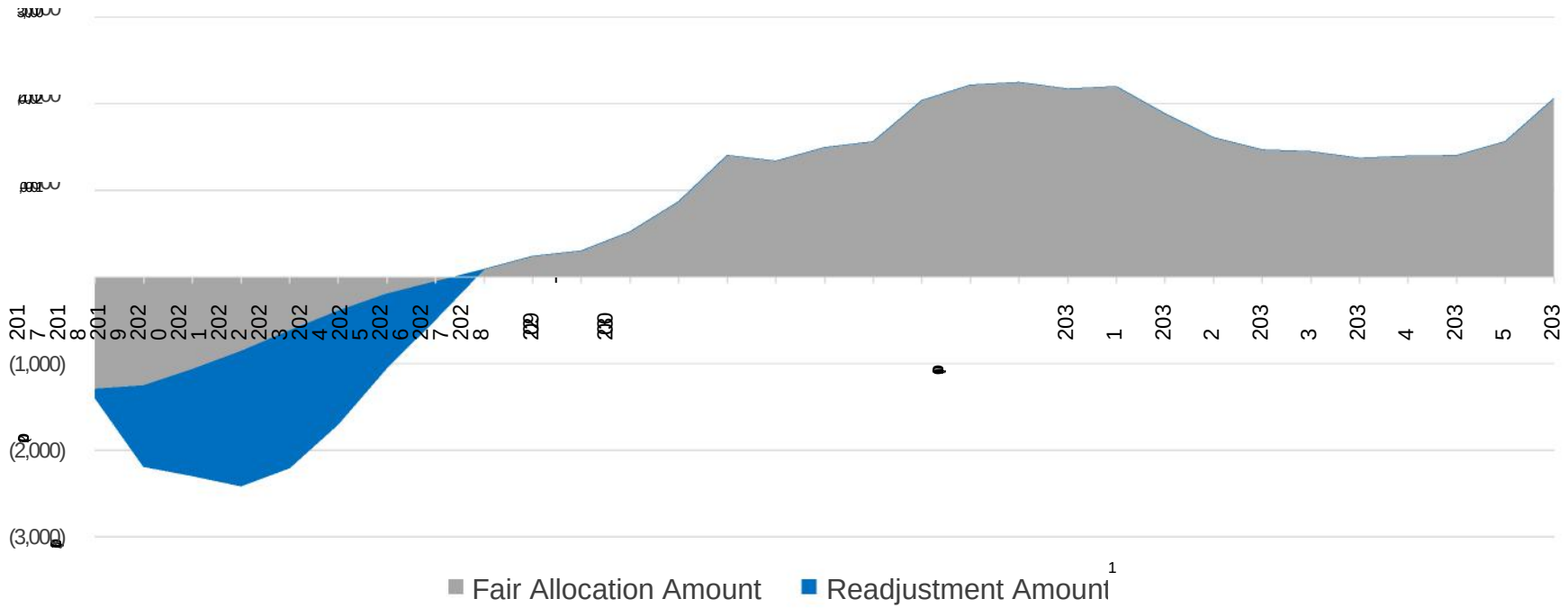

IV. Contractual Framework

Simplified Contractual Structure

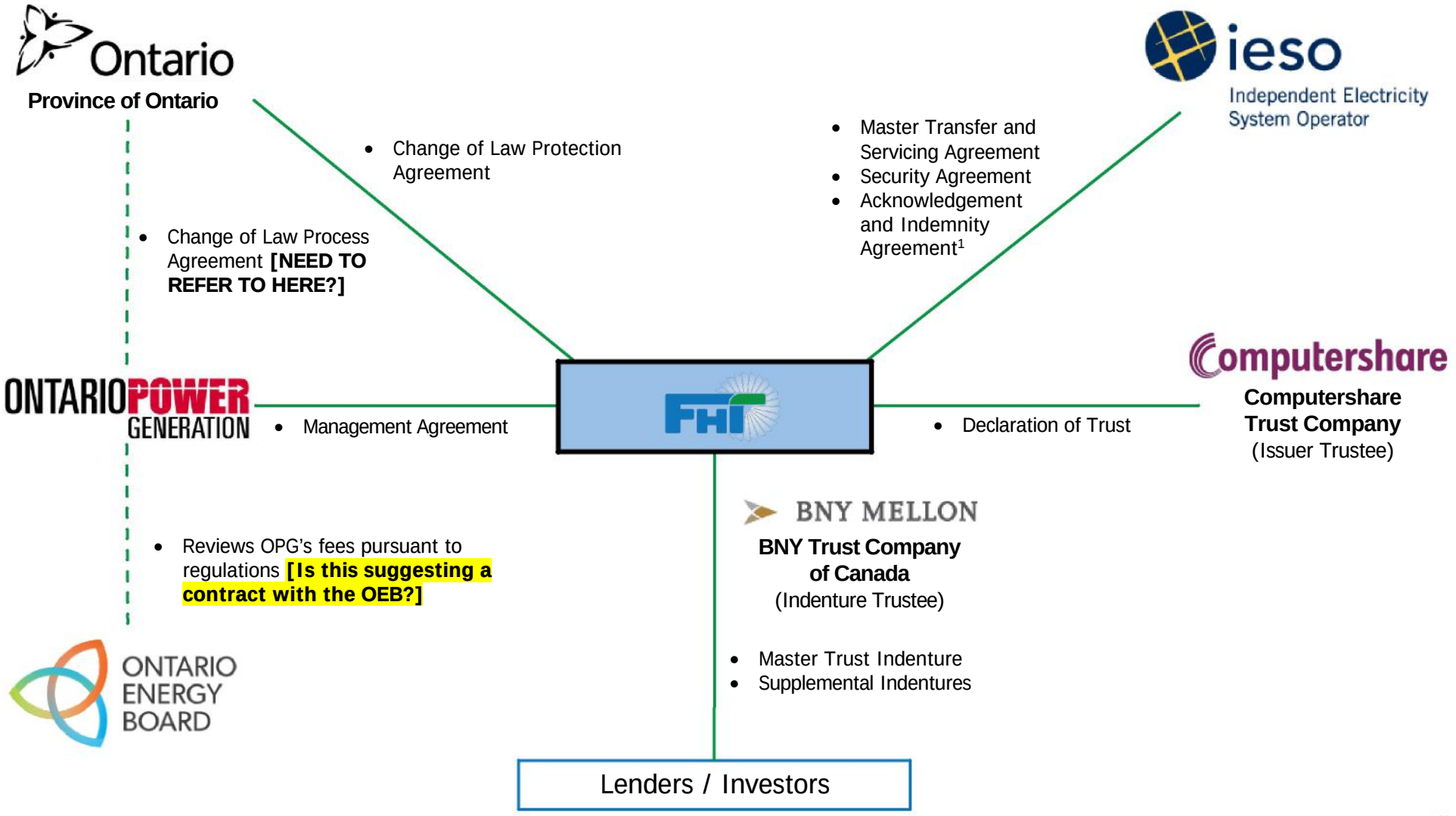

[1] Agreement between IESO and Indenture Trustee.

Key Agreements

Change of Law Protection Agreement

Parties	• (1) Province of Ontario and (2) Indenture Trustee, ~~as Trustee of the Issuer, on behalf of Specified Creditors~~[1] as trustee for Specified Creditors[1], and (3) OPG as Financial Services Manager (FSM) and as Manager
Purpose	• Provides assurance to Specified Creditors that upon the occurrence of a Protection Event referred to below, the Province of Ontario will pay all Approved Obligations on behalf of the Trust, with limited rights of acceleration
Key Terms	• **Term**: Continues for as long as any protected obligations of the Trust that are secured under the Master Trust Indenture (MTI) remain outstanding **[Conform to agreement]** • **Limited Guarantee** ~~**Mandatory Payment**~~: Upon the occurrence of a Protection Event, the Indenture Trustee has the right to require the Province to pay all Approved Obligations when due and payable (subject to limits on payment obligations following an acceleration) • **Priority of Payments**: The priority application of guarantee payments is governed by the waterfall provision under the MTI • **Adherence Conditions**: For the Limited Guarantee to apply to an obligation of the Trust, OPG as FSM is required to comply with certain conditions, including the delivery of an Adherence Compliance Certificate, prior to the incurrence of such obligation (such obligation called ~~issuance of debt which is to benefit from the Change of Law Protection Agreement from the Province (such debt~~ "Approved Obligations") • **Suspension Notice**: The Province may deliver a suspension notice upon the occurrence of the acceleration of any indebtedness of the Trust or other [Program Breach] or a default in performance or misrepresentation by OPG as FSM pursuant to certain internal reporting and other requirements contained in a change of law process agreement between OPG and the Province. Any ~~, and any~~ new funding obligations that are incurred during a suspension period will not have the benefit of the Limited Guarantee ~~Change of Law Protection Agreement,~~ except that the Change of Law Protection Agreement applies to Post-Suspension Refinancing of previously issued Pre-Approved Refinancing

[1] **Specified Creditors** are any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

Key Agreements

Change of Law Protection Agreement (cont'd)

Protection Events

10

(1)

- The Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof
- The Legislature enacts or amends any other statute
- The Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof
- The Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "Regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof
- The implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province

in each case that adversely affects the ability of the Trust to pay its obligations when due and payable, taking into account any funds available in reserve accounts, any credit enhancement available and any reasonably expected potential effect of a true-up amount

(2)

- A court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, is *ultra vires* or invalid in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay Approved

Key Agreements (cont'd)

Master Transfer and Servicing Agreement

Parties	• (1) IESO, as transferor and servicer; (2) Trust
Purpose	• Provides for the transfer, by the IESO to [the Trust] of the Regulatory Asset, and upon such transfer the Trust acquires an Investment Interest and describes the servicing obligations of IESO
Key Terms	• **Transfer of Regulatory Asset**: The IESO may offer, no more frequently than monthly, to transfer the specified portions of the Regulatory Asset to the Trust. The Trust has the right, but not the obligation, to accept IESO's offer. • **Servicing Duties:** The IESO will be responsible for servicing the Investment Interest under the regulations **[Consider distinguishing MTSA and regulations]**, including collecting CEA amounts from Electricity Vendors and remitting the same to the [Trust], including: – Establishing a segregated account for collecting CEAs and use reasonable efforts to cause Electricity Vendors to do the same; – Collect CEAs from Electricity Vendors; – Remit CEAs monthly to [the Trust] (unless downgraded below investment grade in which case it will remit daily); – Prepare monthly servicer reports; and – Forecast electricity consumption of Specified Consumers • **Moratorium Period:** During the Moratorium Period (until April 30, 2021) and extending to July 31, 2021, the IESO is required by regulation to fund all Carrying Costs of the Trust. The Carrying Costs incurred by the IESO will be added to its Regulatory Asset variance account pursuant to regulation. • **IESO Letter of Credit:** After the Moratorium Period, the IESO will provide the Trust, a letter of credit or other form of security, as security for the commingling risk of CEAs collected by non-rated or non-investment grade rated Electricity Vendors and not yet remitted to the IESO

Key Agreements (cont'd)

Management Agreement

Parties	• (1) Issuer Trustee, on behalf of the Trust, and (2) OPG, as Manager and acknowledged and accepted by the Indenture Trustee, as trustee for ~~on behalf of~~ Specified Creditors
Purpose	• Issuer Trustee delegates to the Manager all powers and duties of managing the Trust
Key Terms	• **Duties Include**: – Negotiating and executing program agreements; – Preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Trust to prospective purchasers of funding obligations; – Review or cause to be reviewed, records of electricity vendors on an annual basis with respect to CEAs (or less frequently in certain circumstances); – Preparing monthly portfolio reports; – Preparing financial statements; and – [Paying taxes on behalf of the Trust]**[Confirm OPG's obligation re tax]** • **Incurrence of Funding Obligations**: Manager will determine how and when to incur funding obligations to acquire Investment Interests **[Or is this the FSM?]** • **Standard of Care**: Manager will perform its duties diligently and in conformity with the Trust's obligations under the program agreements • **Resignation/ Termination:** Manager may not resign from its duties or terminate the Management Agreement as long as funding obligations of the Trust are outstanding • **Management Fees:** OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer

Key Agreements (cont'd)

Other Key Agreements

Security Agreement	• As security for the performance of its obligations under the Regulations to pay the Trust's carrying cost during the Moratorium Period, IESO has granted the Trust a first priority security interest in all of its accounts receivable owing by Electricity Vendors
Acknowledgement and Indemnity Agreement (IESO)	• IESO, as servicer under the MTSA, acknowledges that a security interest has been granted to the Indenture Trustee thereby assigning as security the rights and benefits of the Issuer under the MTSA to the Indenture Trustee, including the right to enforce the indemnities provided to the issuer with respect to IESO's duties and obligations under the MTSA
Change of Law Process Agreement	• Outlines procedural requirements between the Province and OPG with respect to issuing debt that benefits from the Limited Guarantee under the Change of Law Protection Agreement • Among other things, OPG is required to deliver to the Province a process certificate, outlining the material terms of proposed debt issues and confirm such debt offerings will not cause the protection agreement maximum (as updated from time to time in the Financing Plan) to be exceeded
Declaration of Trust	• Establishes FHT to carry out activities for the exclusive benefit of its unitholders • Specifies the rights and powers of the Issuer Trustee (Computershare) • The Issuer Trustee has delegated substantially all of [the powers and] **[Confirm]** duties of managing the Trust to OPG under the Management Agreement

Allocation of Servicing Role and Responsibilities

- The shared responsibilities of servicing and management roles are summarized below

	OPG	IESO	LDC
Review Records of LDCs with Respect to CEAs (annually or less frequently in certain circumstances)	☐		
Determination of CEA for a Reference Period, including the True-Up Amount	☐		
Ongoing Reporting for Trust and Reporting to the Rating Agencies	☐		
Management of Ongoing Debt Issuances	☐		
Cash Management	☐	☐	
Preparation of Monthly Servicer Reports		☐	
Remittance of CEA to IESO and to the Trust		☐	☐
Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG		☐	☐
Customer Billing			☐
Customer Collections			☐
Customer Meter Reading			☐

V. Financing Program

Financing Plan / Strategy

- OPG is responsible for administering the FHT financing program, as the initial FSM appointed under the Act
- Given the size (~[$20][Confirm] billion) and longevity (~[10][Confirm] years) of the FHT financing program, the funding strategy has been designed to provide flexibility
- Initial Warehouse financing (ABCP conduit and bank funded senior debt) and subordinated warehouse debt and junior subordinated warehouse debt funded by OPG will be used to fund monthly [Regulatory Asset purchases] from the IESO
  - Periodically refinance the warehouse facility through the issuance of term debt (likely access the market 2-3 times per year)
- For example, Term debt can take the form of bullet bonds or could be issued as amortizing bonds

Initial Warehouse	• ABCP conduit and bank funded senior debt and subordinated debt funded by OPG will be used by the Trust to fund monthly Regulatory Asset purchases from the IESO
Term Debt	• Term debt issuances will be used to refinance warehouse financing and the subordinated debt and junior subordinated debt funded by OPG • Both Canadian term debt [and U.S. term debt market will be considered] **[Confirm]** • Maturity profiles will be structured to ensure reasonable alignment with the FAA (bullet bonds with sinking funds or amortizing bonds) **[Describe possible refinancings of shorter maturing debt?]**
Subordinated Debt	• Subordinated debt provides credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall **[Principal only?]**)

Financing Structure

- The Trust will fund Regulatory Asset purchases through the issuance of senior, subordinated and junior subordinated secured debt
- Senior debt (51%) will be sourced monthly from committed warehouse facilities, and the periodic issuance of term debt
- Subordinated debt (49% anticipated; minimum of 35% required) will be **[Incurrence or maintenance requirement?]** purchased by OPG, primarily funded by equity injections from the Province (44% of the 49%) and the remaining portion from OPG (5% of 49%)

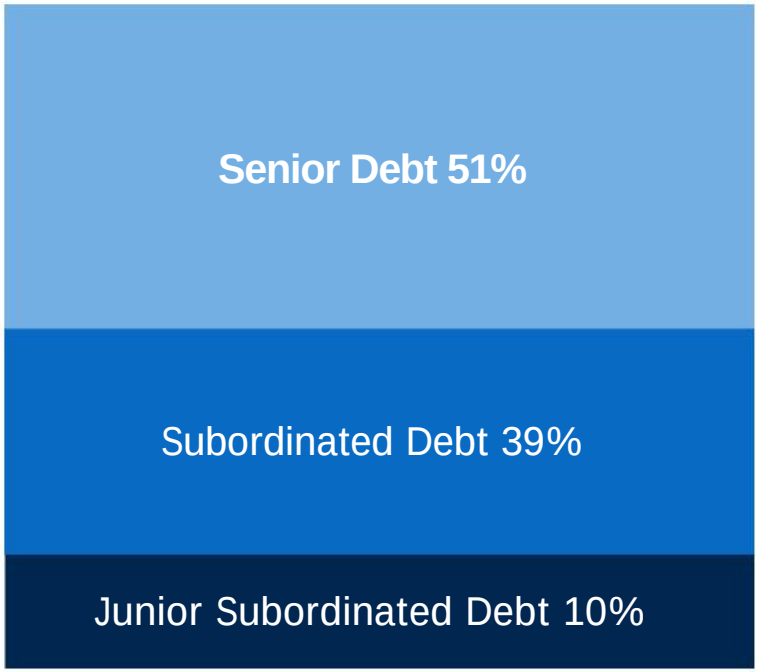

Senior Notes
Warehouse facilities and term debt issuances (in Canada and/or the U.S.)

Subordinated Notes
Provided to Trust by OPG via equity injection from the Province

Junior Subordinated Debt
- OPG equity injection (5%) via its corporate borrowing program
- Provided to Trust by OPG via the Province (5%)

Note: Assumes 49% Subordinated Debt.

Aggregate Financing Program

Illustrative Debt Summary - Funding & Repayment Period (Annual)

- Based on the Fair Allocation Amount **[repayments, but not incurrences]** and the [Province's electricity bill reduction targets **[Can this be suggested? Known?]** the following debt profile for the program is expected, peaking at just under $20 billion by 2029 **[Confirm]**
- Various tranches of debts will be issued periodically during the period of 2017 - 2028, which are expected to mature over a period after 2029 **[Confirm. Consider refinancings or shorter maturities?]**

Illustrative Aggregate Funding and Repayment Profile (Annual; Net of Sinking Fund ("SF") Payments)

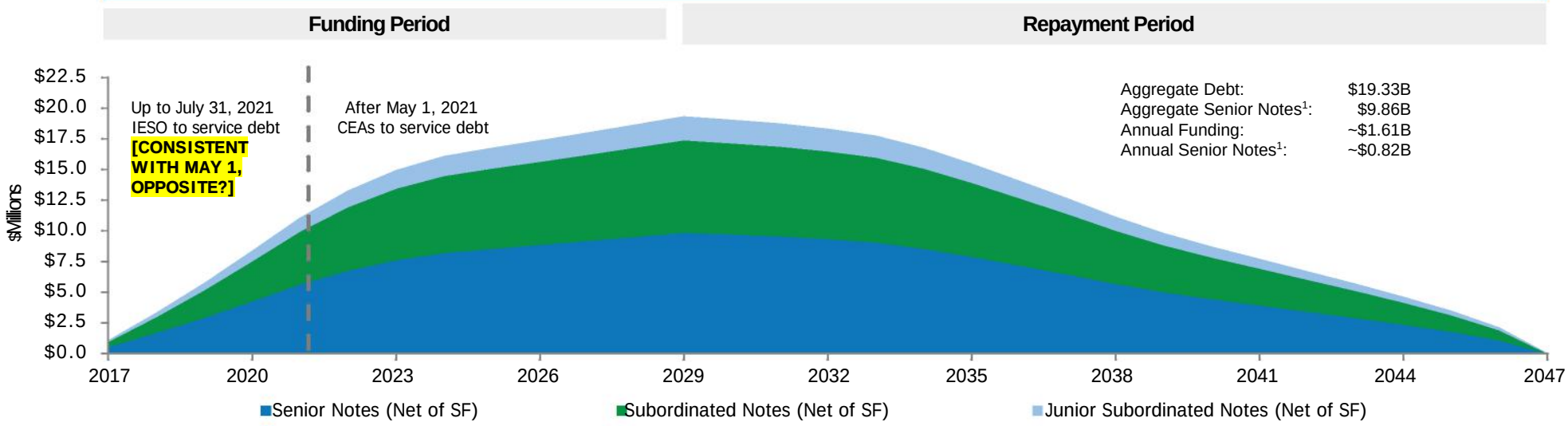

[1] Assumes 51% Senior Notes

Consumer Bill Forecast with FHP

RPP Bill Forecast - FHP Impact % of Total Bill (C$ per Month)

- Over the duration of the Fair Hydro Program, the CEA for the average residential customer is anticipated to remain below 10% of the total electricity bill **[Can this be suggested? Known?]**
- Max CEA as a percent of the total bill is forecast to be 10.1% **[Known? Assumptions?]**
- Average CEA as a percent of the total bill is forecast to be 6.9% **[Same?]**

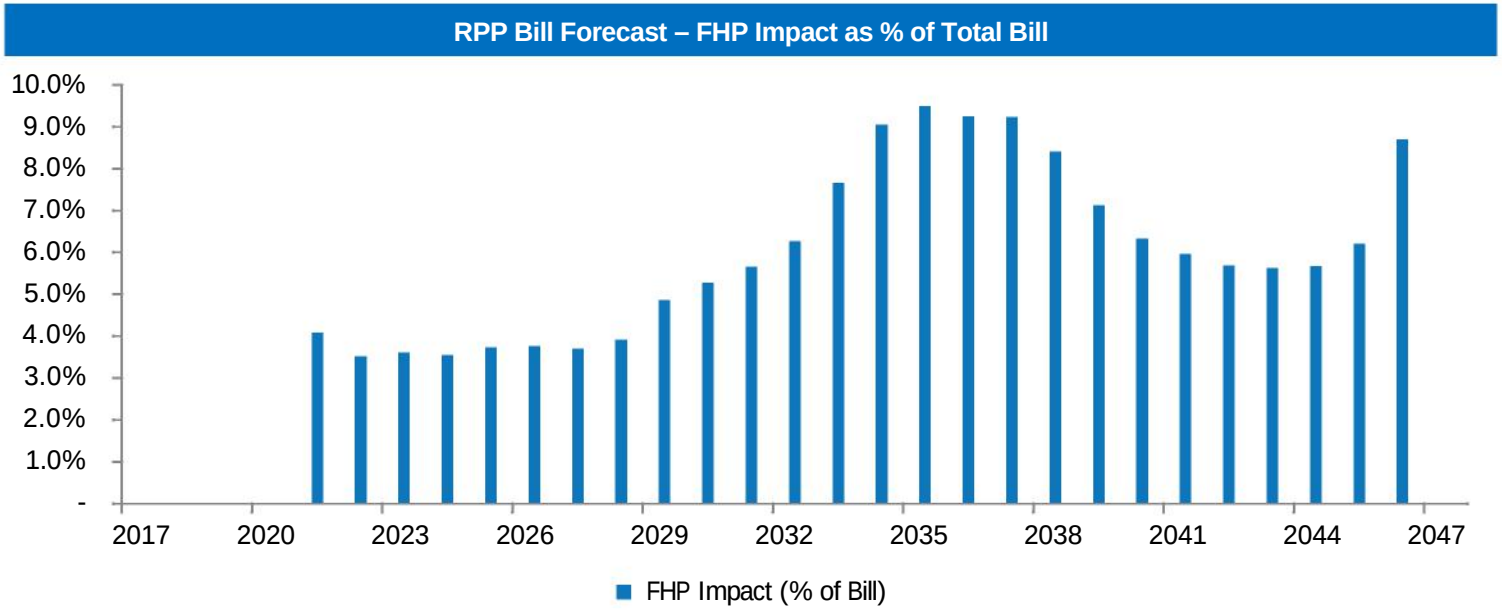

Capital Markets Platform

Master Trust Indenture

Parties	• (1) Computershare Trust Company (Issuer Trustee), on behalf of the Trust, acting through OPG as the Manager; (2) BNY Trust Company (Indenture Trustee) on behalf of Specified Creditors
Purpose	• Governs the terms of the debt issued by FHT and cash flow waterfall and collateral structure for all Trust obligations to all Specified Creditors

Key Terms

Incurrence of Funding Obligations	• Trust may incur funding obligations under a variety of instruments, including: – Note issuances under supplemental indentures – Borrowings under future credit agreements – Sales of notes under note purchase agreements – Letters of Credit/Guarantees under credit enhancement agreements – Liquidity loans under liquidity agreements backing short term notes
Conditions Precedent	• Prior to incurring additional funding obligations, the Trust confirms to the Indenture Trustee and each rating agency that: – the incurrence of such additional obligations will not cause an adverse effect – the incurrence of such additional obligations is materially consistent with the Financing Plan • It will also be a condition precedent that (i) each rating agency confirm that the issuance of such additional funding obligations will not result in a reduction or withdrawal of any existing ratings of outstanding funding obligations and (ii) the Indenture Trustee has received certain assurances as to the applicability of the Change of Law Protection Agreement to such funding obligations

Capital Markets Platform

Master Trust Indenture – Key Terms (cont'd)

Security	• Granted over all assets of the Trust, including the Trust's investment interest, all collections under the MTSA and all accounts
Subordination	• Provides for three different classes of funding obligations – (i) senior – (ii) subordinated – (iii) junior subordinated
Events of Default	• Include payment defaults, representation and covenant breaches, insolvency and Change of Law Protection Agreement ceasing to be in full force and effect against the Province
Acceleration	• Upon an acceleration, CEAs may be insufficient to repay all amounts becoming due in a period. CEAs for a period will be capped ~~CEAs cannot be increased to the level required to immediately repay all outstanding principal following acceleration. The increase in CEAs is limited~~ under the Regulation at the otherwise scheduled amounts, plus an additional amount if the aggregate of those otherwise scheduled amounts would be less than ~~to the amount available per~~ the FAA for the period • However, the amounts received from CEAs after an acceleration will be allocated to pay senior indebtedness before principal amounts owing on subordinated and junior subordinated indebtedness ~~CEAs are allocated to paying the senior indebtedness first~~. Accordingly, the subordination of debt across all series of debt should ~~would~~ advance the repayment of the principal amount for senior funding obligations • After an acceleration, all **[Confirm. Can a series elect to defer payment on acceleration?]** Senior Term Notes will be paid pa~~r~~ri passu

Waterfall

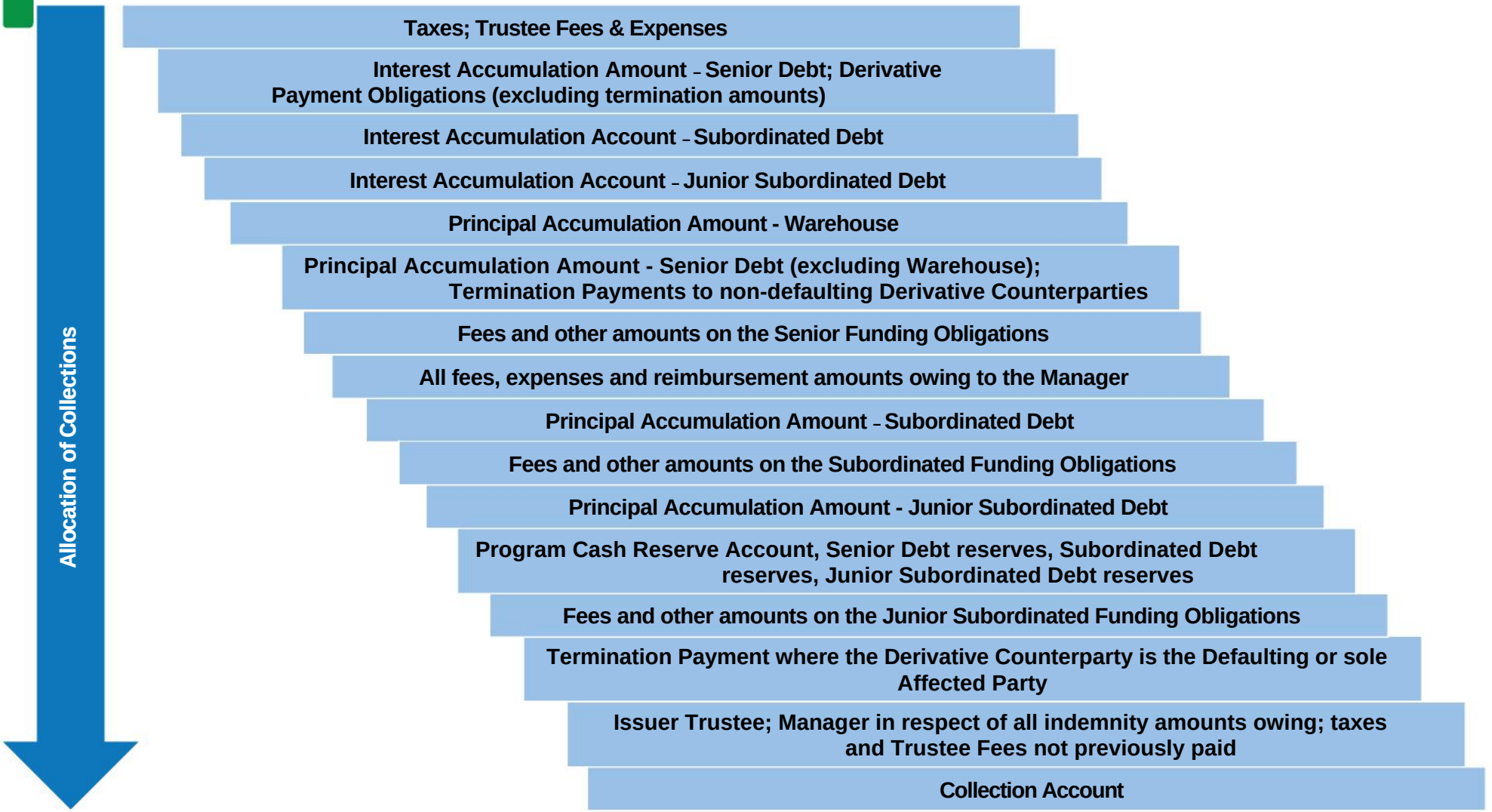

Note: This waterfall indicates the priority of payment prior to an Event of Default and acceleration; additional information on the priority of payments after an Event of Default and acceleration can be found in the Offering Memorandum.

Note: After paying interest on the senior debt, no interest payments will be made on the subordinated debt unless there will be sufficient amounts remaining in the Interest Accumulation Account for what should be accumulated for the Senior Notes after making such payments.

VI. Summary of Offering

Summary of Indicative Terms

Initial Fair Hydro Term Issuance	~~Class~~	~~Size~~	~~% of Trust~~	Expected Maturity	Principal Payment Default Date	Rating (DBRS / Moody's)
	Senior Term Notes	$[ ] mm	[ ]%	[ ]	[ ]	AAA (sf) / Aa2 (sf)
	Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
	Jr. Subordinated Notes	$[ ] mm (Not Offered)	[ ]%	[ ]	[ ]	[ ]
ssuer	Fair Hydro Trust, a single purpose, bankruptcy-remote wholly-owned subsidiary of the Financial Services Manager					
Financial Services Manager	Ontario Power Generation, Inc.					
Servicer	Independent Electricity System Operator					
Source of Repayment	• Moratorium Period: Statutorily mandated remittances (not including principal) from IESO (Up to July 31, 2021) • Post Moratorium Period: Non-bypassable charge from certain residential and commercial customers in Ontario, related collections and reserve accounts (After May 1, 2021)					
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	Principal Accumulation Date ●, 20●			Principal Accumulation Amount $●		
Payment Frequency	Semi-annual					
Interest	Fixed rate					
Senior Note Credit Enhancements	• Semi-annual (or more frequent) True-up • Reserve Account • Subordination					
Program Cash Reserve Account	After Moratorium period, an amount equal to 0.50% of the aggregate amount of all outstanding Senior, Subordinated and Junior Subordinated funding obligations					
True-up	Calculated on at least a semi-annual basis post-moratorium period					
Subordination	Subordinated and Junior Subordinated Notes will be retained by OPG					
Additional Issuance	Master Trust Indenture allows for the issuance of additional notes subject to satisfaction of Rating Agency Condition					

VII. Key Risks and Mitigants

Risk Mitigation

Risk	Description of Risk	Mitigants
Political Risk	• Future legislative action to change or challenge/invalidate the Act or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes	• Limited Guarantee provided by the Province of Ontario via the Change of Law Protection Agreement in the Indenture Trustee for ~~favour of~~ lenders/investors in these
Under Collection	• If the IESO inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting the CEA, there could be a shortfall in collections, which might result in missed or delayed payments of principal and interest on the Notes	• True up mechanism may result in a delay, but will be corrected in next True up **[Frequency?]** • Cash reserve and 35%-49% subordination which would first absorb any shortfalls **[Maintenance vs Incurrence?]** • 6-month reference period • Any shortfall in collections are recoverable from all Specified Consumers
Reliance on IESO and LDCs	• During the Moratorium Period, the Trust is dependent on the IESO to pay for all Carrying Costs **[Suggests that IESO will pay; not provide cash for Trust to pay]** • Receipt of CEAs dependent on the performance of LDCs and IESO • Limited ability to enforce against or replace an ~~on~~ LDC	• Highly regulated industry and LDC and IESO are required under law and regulation to perform duties under FHP • IESO has a very strong credit profile and [very low losses] **[Any? Socialized?]** and grants security over all of its accounts receivables as security during the Moratorium Period • IESO will provide a letter of credit/other security to mitigate commingling risks for CEAs held ~~for the commingling of CEAs~~ by non-rated or below investment grade rated LDCs until they are remitted to IESO • LDCs collect security deposits and, when permitted, have the ability to disconnect service for non-payment **[Sensitive?]** • $2 billion general credit facility from the OFA which can be used to pay the Carrying Costs
Size of Charge vs. Bill	• If the charge applied to bills becomes too high, there could be a consumer and/or political backlash	• 20-year repayment period allows for gradual rate increases • Max CEAs as a percent of the total bill is forecast to be ~10% **[Known? Confirm?]**

VIII. Investment Highlights

Investment Highlights

- Protection against political risk through the Change of Law Protection Agreement
- Irrevocable & [non-bypassable] rate payer charge, recoverable from Specified Consumers across the Province of Ontario
- Repayment risk spread across all Specified Consumers. Full cross-collateralization; collection shortfalls allocated among all Specified Consumers (Joint and Several Liability)
- Robust ~~Enhanced~~ true-up mechanism **[If this is comparing to a precedent deal, should indicate the comparison]**
- Credit enhancement for senior debt provided via subordinated debt
- Highly regulated market with experienced operating agents (OPG, IESO, and LDCs)
- Strong service territory **[Meaning?]**
- No large user industrial risk exposure **[Meaning?]**

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Senior Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Senior Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Senior Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement

January ■, 2018

FAIR HYDRO TRUST

Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust governed by the laws of the Province of Ontario, established by Computershare Trust Company of Canada, acting as trustee of the Issuer, and caused to be established by Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager (as hereinafter defined), has created a program providing for the offering and issuance of senior secured notes (the "**Senior Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation [that reallocates certain electricity costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms).][1] Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA.[2] The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations being offered for the purposes of the FHPA.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See "*Change of Law Protection Agreement*". The Senior Notes will be limited recourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*" and "*Risk Factors*".

[1] **Note:** This narrative should be removed or, if necessary, it should track the purposes of the FHPA set out in Section 3 of the Act.

[2] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

The specific terms of any offering of Senior Notes, including, without limitation, the aggregate principal amount of Senior Notes being offered, the currency of the Senior Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the rating of the Senior Notes at the time of such offering, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Senior Notes will not be listed on any securities exchange.

The offering of Senior Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Senior Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Senior Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged to conditionally offer the Senior Notes for sale on a best efforts basis, subject to prior sale, in connection with the applicable Offering of Senior Notes and will also set forth the terms of such Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Senior Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Senior Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Senior Notes. The Senior Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Senior Notes will be issued under and will be entitled to the benefits of a master trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as amended or supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Senior Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Senior Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Senior Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Senior Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces where they are sold. The Senior Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces in which they are traded and only through dealers registered or exempt from the dealer registration requirements of applicable Canadian securities laws. See *"Restrictions on Resale"*.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue for the term of the applicable Senior Notes. Accordingly,

purchasers of the Senior Notes may be required to bear the financial risk of investing in such Senior Notes until the maturity date of such Senior Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Senior Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit 1, are incorporated by reference and included in, respectively, and form an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Senior Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

Capitalized terms used and not otherwise defined in this confidential shelf offering memorandum have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum. All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

Page

CAUTION REGARDING FORWARD-LOOKING INFORMATION v
CONFIDENTIALITY vii
DOCUMENTS INCORPORATED BY REFERENCE vii
MARKET AND INDUSTRY DATA viii
REFERENCES TO THE FHPA AND RELATED REGULATIONS viii
SUMMARY 1
THE ELECTRICITY INDUSTRY IN ONTARIO 18
ONTARIO'S FAIR HYDRO PLAN 21
CHANGE OF LAW PROTECTION AGREEMENT 28
THE ISSUER 33
THE MANAGER 35
SUBORDINATED DEBT 37
SHORT TERM INDEBTEDNESS 38
THE TRANSFEROR AND SERVICER 39
CREDIT RATINGS 41
RATING AGENCY CONDITION 42
CAPITAL MARKETS PLATFORM 42
DESCRIPTION OF NOTES 66
DEPOSITORY SERVICES 69
PLAN OF DISTRIBUTION 70
RISK FACTORS 71
REPRESENTATIONS AND AGREEMENTS OF PURCHASERS 84
LANGUAGE OF DOCUMENTS 88
RESTRICTIONS ON RESALE 88
REPORTING REQUIREMENTS 89
STATUTORY RIGHTS OF ACTION 89
INDENTURE TRUSTEE 99
LEGAL MATTERS 99
GLOSSARY 100
SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES 112
EXHIBIT 1 113

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained in the summary and in the sections titled *"Ontario's Fair Hydro Plan — Fair Allocation Amount & Financing Plan"*, *"Subordinated Debt"*, *"■"*[3] and *"Risk Factors"* of this confidential shelf offering memorandum and *"Financing Plan / Strategy"*, *"Financing Structure"*, *Aggregate Financing Program"*, *"■"*[4] and *"Consumer Bill Forecast with FHP"* of the Investor Presentation. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Senior Notes and may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks:

Judicial, Legislative or Regulatory Risks:

- Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.
- Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future regulatory action to change the rules applicable to the operation of the electricity market might materially adversely affect a holder's investment in the Senior Notes.
- Future judicial action could reduce the value of a holder's investment in the Senior Notes.
- Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Risks Associated with the Unusual Nature of the Investment Asset:

- Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.
- The Issuer's ability to enforce security granted by the IESO may be impaired or delayed.
- A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.
- The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.
- Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.
- The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require approval by resolution of the holders of all Series of Senior Notes.
- If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.
- The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

[3] **Note:** Please complete.

[4] **Note:** Please complete.

- If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Servicing, Operating and Consumer Risks

- Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.
- Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.
- Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.
- Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.
- Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.
- It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers.
- Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.
- Delinquent or partial payments of electricity bills may make principal payments on the Senior Notes occur later than expected.
- Power outages could impair payment of the Senior Notes.[5]
- Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Insolvency-Related Risks

- If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.
- If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.
- If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against OPG may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.
- If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.
- If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.
- If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Other Risks:

- The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.
- If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.
- The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

[5] Is this relevant? Is the concern that the CEA would be spread across a relatively smaller base due to lower usage in a period?

- The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.
- Restrictions on resale might limit the ability to resell the Senior Notes.

Please also see *"Risk Factors"*.

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. ***[NTD: Logistics to be discussed between Dealers and OPG.]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Senior Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Senior Notes issued under such Term Sheet.

The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit 1, and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by third party sources, including industry publications and other publicly available industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information and neither the Issuer nor the Agents have independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.

REFERENCES TO THE FHPA AND RELATED REGULATIONS

This confidential shelf offering memorandum describes certain provisions of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act. These descriptions include simplified and summary descriptions of the terms and requirements of the legislation and do not purport to be comprehensive, definitive or determinative. All references in this confidential shelf offering memorandum to the terms and requirements of the *Ontario Fair Hydro Plan Act, 2017* and the regulations made pursuant to that Act are qualified in their entirety by reference to the specific terms and requirements set forth in such legislation, copies of which are available at https://www.ontario.ca/laws/statute/17o16.

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Senior Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [92] of this confidential shelf offering memorandum.

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**"), pursuant to the terms of the Management Agreement.
Limitations:	The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"— Change of Law Protection Agreement"*.
Ontario Fair Hydro Plan Act:	On June 1, 2017, the Ontario Legislature passed the Ontario Fair Hydro Plan Act, 2017 (the "**FHPA**"). The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms); (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. As a result, from July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers will in effect be the rate that would result in a representative consumer being charged an invoice amount that is 25%[6] less than the rate that would otherwise have been determined by the Ontario Energy Board (the "**OEB**") under its Regulated Price Plan[7] for that period. Under the FHPA, OPG is appointed as the initial financial services manager (in such capacity, the "**Financial Services Manager**") and is given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (referred to as "**Funding Obligations**") for the purposes of the FHPA and the Regulations.[8] The

[6] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government.

[7] Specified Consumers, as a class, are not a one-to-one equivalent class to the RPP consumer class.

[8] **Note:** The statutory definition of "funding obligation" provides that the funding obligations have the purpose of funding ownership in an investment interest. Please consider revising the definition of "funding obligation" to more closely track that in the Act.

	Issuer is a Financing Entity[9] under the FHPA and the Regulations and the Notes are Funding Obligations being offered for the purposes of the FHPA and the Regulations. See *"Ontario's Fair Hydro Plan — Background"*.
Summary of the Fair Hydro Financing Program:	The implementation of the Fair Hydro Plan is intended to be financed by the Issuer through the Fair Hydro financing program. The program provides for the offering and issuance by the Issuer of Senior Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Senior Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Senior Notes will be issued under the master trust indenture dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as supplemented by a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998* (Ontario). The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.[10] Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account. The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, the FHPA provides that the IESO is not permitted to exercise such right before May 1, 2021 is limited under the FHPA. The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may, on a monthly basis, offer to transfer a specified portion of the Regulatory Asset to the Issuer in accordance with the FHPA. See *"Transferor and Servicer"*.
Investment Interest:	Upon acceptance of the transfer by the IESO of a specified portion of the Regulatory Asset, the Issuer will acquire an Investment Interest in the Investment Asset, which is a current and irrevocable property right consisting of the rights specified in the FHPA, including the right and interest to impose, invoice, collect, receive and recover the Clean

[9] **Note**: Elsewhere, the disclosure refers only to the Issuer without adverting to the possibility of other future Financing Entities. To the extent that this simplification suggests in a particular context that other future Financing Entities would not be permitted or similarly treated, references to the Trust should be broadened to encompass the possibility of future Financing Entities.

[10] **Note:** Consider also referring to IESO's planning and procurement functions. They may be meaningful here to the extent they impact IESO objectives and governance generally.

Energy Adjustment from Specified Consumers in accordance with the FHPA and the Regulations. See *"— Clean Energy Adjustment"* below and *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA and the Regulations impose an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager based on the calculations and parameters set out in the FHPA. The OEB is required to determine the rates at which Specified Consumers are to be invoiced in order to recover the Clean Energy Adjustment in respected of a specified Reference Period (which is generally a six month period, or a shorter period in certain circumstances). The rates are to be determined by reference to forecasted electricity consumption of Specified Consumers for a period and are expressed as a cent per KWh rate. See *"— Statutory Duties of the OEB"* below.

The required Clean Energy Adjustment will be determined by the Financial Services Manager for each month in a Reference Period and consists of the sum (without duplication) of: (i) the estimated Finance Amount in respect of the Reference Period, which will include an estimate of all repayments, redemptions, funding costs, derivative payments, required deposits, Issuer expenses and taxes, and other amounts paid or payable during such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is required to be calculated by the Financial Services manager in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustment is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during preceding Reference Periods.

The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a

Reference Period.

[Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.][11]

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Payment of Carrying Costs during the Moratorium Period:

During the Moratorium Period and extending to July 31, 2021,[12] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (such as principal on the Senior Notes).[13]

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carrying costs statement,[14] the IESO is required to deliver the amount specified therein to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to

[11] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) *[limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*]. In particular, the suggestion that CEAs cannot be collected in any circumstance during the Moratorium Period goes beyond 21(4) and presumes that there will be no Readjustment.

[12] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending on July 31, 2021.

[13] **Note:** Consider revising to conform with Section 9.3(3) of the General Regulation. This Section provides that "carrying costs" also include derivative payments, etc.

[14] **Note:** Not sure how this lines up with fee recovery.

the Regulations.

As security for the performance of its obligation under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*. For a further description of the global adjustment charge, see *"The Electricity Industry in Ontario — Electricity Prices"*.

Acceleration of Indebtedness:

A holder of Senior Notes must rely solely on the Clean Energy Adjustment amounts collected and any available reserve accounts for repayment of principal on the Senior Notes. Accordingly, if all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable during the Moratorium Period and before its scheduled payment date, maturity date or redemption date, the source of funds for repayment of principal may be limited.

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See *"— Subordinated Debt"* below.[15]

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate participants (e.g. OEB licensees) in Ontario's [electricity market][16], including the activities of transmitters and distributors as well as the IESO (all Electricity Vendors for the purposes of the FHPA).

Under the Regulations, the OEB is responsible for determining the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh rate and are determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment as determined by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Consumers in respect of such period, based

[15] **Note:** Add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and specifically address in Risk Factors.

[16] **Note:** Technically, the IESO administers (supervises) the IESO-administered markets. There is no definition for "electricity market".

on forecast information provided to the OEB by the IESO. See "*— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. See "*Electricity Industry in Ontario*" and the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Ontario electricity market and these local distributors.

The FHPA and the Regulations require Electricity Vendors to invoice their Specified Consumers for a charge in respect of the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of [the Issuer][17], amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of [the Issuer][18] until remitted to the IESO for the benefit of [the owners of Investment Interests (initially, only the Issuer)].[19] If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[20] It is a deemed condition of their distribution license issued by the OEB that Electricity Vendors comply with the FHPA.[21]

As security for any failure of an Electricity Vendor that does not have an investment grade rating from DBRS and Moody's to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. The amount of the security required from the IESO is based on a formula as set out in the Master Transfer and Servicing Agreement and will equal: (i) 50% of forecasted Clean Energy Adjustment amounts that are to be collected by such non-investment grade rated Electricity Vendors and held for 45 days prior to the funds being remitted to the Issuer; or (ii) such other amount that satisfies the Rating Agency Condition. See "*The Transferor and Servicer.*"

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Senior Notes) to acquire an Investment Interest or refinance existing Funding Obligations;

[17] **Note:** This and similar references to the Issuer should instead refer to Financing Entities (Investment Interest owners), of which the Trust is the first, and then cross-refer to the concept of co-ownership in order to facilitate additional financings in the future.

[18] **Note:** Please see note 17.

[19] **Note:** Please see note 17.

[20] **Note:** Please consider revising this to conform more closely to Section 17(4) of the FHPA.

[21] **Note:** Please confirm.

negotiating and executing, on behalf of the Issuer, all agreements; maintaining accounts and banking records; preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Senior Notes); and preparing financial statements and tax filings on behalf of the Issuer. See "*The Manager*".

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA and the Regulations, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of the calculation of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest on behalf of the Issuer and any other Financing Entities. Subject to OEB approval and as provided for in the FHPA and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. See "*The Manager*".

Statutory and Servicing Duties of the IESO:

Following the Moratorium Period, the IESO is required, as agent of [the Issuer][22], to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving amounts in respect of the Clean Energy Adjustment, hold such amounts in trust on behalf of [the Issuer] and remit such amounts to [the Issuer] [on a monthly basis, subject to daily remittance being required in certain limited circumstances.][23] In addition, the IESO will provide certain reporting and other servicing duties in favour of the Issuer, including providing forecast information regarding electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer, making commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to [the Issuer] and fulfilling certain additional reporting requirements. [Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.][24] However, the Issuer will reimburse the IESO for certain direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998* (Ontario). See "*The Transferor and Servicer.*"

[22] **Note:** Please see note 17 regarding bracketed references to the "Issuer" in this paragraph..

[23] **Note:** Please consider disclosing which IESO duties are statutory and which arise under the MTSA. For instance, in this sentence, these time requirements arise from the MTSA. Section 9(2) of the General Regulation requires that the IESO remit within a reasonable period of time.

[24] **Note:** Please confirm.

Change of Law Protection Agreement:

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments in respect of all "Approved Obligations" when due and payable into the Protection Account (which, provided that the Notes are Approved Obligations, includes payments of amounts that are due and payable in respect of Notes), although the amount of Province of Ontario's payment obligations in a particular period will differ depending on whether an Acceleration has occurred. See "*Change of Law Protection Agreement*". The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation.

Generally, an "Approved Obligation" under the Change of Law Protection Agreement includes all obligations of the Issuer (except for amounts required to be deposited into any capital account or finance reserve account, or any obligation for the Issuer to pay itself any remaining amounts in the Collection Account pursuant to the Master Trust Indenture), including obligations of the Issuer under the Notes, subject to the satisfaction of certain adherence conditions for those obligations that constitute "Certified Primary Obligations", as defined in the Change of Law Protection Agreement. Subject to certain limited exceptions for refinancings, a "Certified Primary Obligation" includes all Notes, as well as certain other obligations of the Issuer under derivative agreements or under contracts with terms of greater than three years that are not terminable by the Issuer on less than three years' notice under which the Manager, acting reasonably, expects aggregate payments by the Issuer during the term of the contract in an amount in excess of $5,000,000.

Protection Event:

Each of the following constitutes a "**Protection Event**" for purposes of the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA or any portion thereof, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA or any portion thereof, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market

undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

The Province of Ontario's obligation to make payments under the Change of Law Protection Agreement upon a Protection Event and subsequent delivery of a written payment demand by the Indenture Trustee is referred to as the "**Limited Guarantee**".

Upon paying amounts when due and payable in respect of Approved Obligations, including the Senior Notes, into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations, such amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be

entitled to the benefit of the Collateral and proceeds therefrom.

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

Approved Obligations & Adherence Conditions:

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying that it has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancing

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a Suspension Notice under the Change of Law Protection Agreement: (i) if there has been an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination

event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement; (ii) if there has been an uncured breach of covenant, uncured default in performance, or uncured representation, warranty or certification that proves to be incorrect in any material respect on the date made, in each case of OPG (or its officers, in the case of a certification) to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations; or (iii) if the Financial Services Manager is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager.

Upon delivery of a Suspension Notice, the Limited Guarantee shall not apply in respect of obligations incurred by the Issuer (excluding certain refinancings of Approved Obligations as described below) and certain material amendments of outstanding obligations of the Issuer.

Notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the suspension and (ii) any Funding Obligations incurred by the Issuer following a suspension that satisfy the terms and conditions of the Change of Law Protection Agreement, provided that the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a suspension to refinance Senior Notes that were Approved Obligations issued prior to a suspension will continue to have the benefit of the Limited Guarantee.

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period that, among other things, allocates the estimated value of certain costs allocated to Specified Consumers in respect of the Ontario government's clean energy initiatives ("**Clean Energy Costs**")[25] in proportion to the relative attribution of the value of benefits determined to be derived by or accruing to Specified Consumers as a result of such clean energy initiatives ("**Clean Energy Benefits**") among Specified Consumers. See *"Ontario's Fair Hydro Plan"*.[26]

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether potential Funding Obligations should be incurred by the Issuer or other Financing Entities for the purposes of acquiring an Investment Interest or for the purposes of a Refinancing. In preparing the Financing Plan, the Financial Services Manager must have regard to certain principles, including that Funding

[25] **Note:** Consider that "Clean Energy Costs" is more thoroughly defined in the Glossary. Through the OM, reconsider instances where there are two different definitions.

[26] **Note:** The description of the fair allocation amount should more closely align to Section 20(1) of the FHPA.

Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period.

In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA [, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits].[27] Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][28] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount on subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount equal to no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

[27] **Note:** The description should more closely align with the stated purposes of the FHPA in Section 3 of the Act.

[28] **Note:** MOE to confirm whether including this sort of prediction is appropriate.

	Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Senior Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts as required. The Term Sheet for each Offering of Senior Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Accumulation Date(s) and Principal Accumulation Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Date(s) and Principal Payment Amount(s):	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Principal Payment Default Date:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	Subject to the applicable payment waterfalls set out in the Master Trust Indenture, the Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. See "*Capital Markets Platform — Subordination Provisions*", "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration"*.
Security:	All indebtedness and other obligations of the Issuer, including the Senior Notes, will be secured by a first ranking charge against all property and assets of the Issuer, including each Issuer Account (and all funds and property credited thereto), all rights and benefits, and powers of the Issuer under the FHPA and all rights, benefits and power under all Program Agreements, including under the Limited Guarantee. Under the Master Trust Indenture, the Issuer is required to maintain certain reserves: the IESO Cash Reserve Deposit Amount (an amount equal to the aggregate of (i) 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of April 15, 2021, and (ii) an amount estimated as the amount of Carrying Costs payable during May, June

and July 2021, provided such amount in (ii) satisfies the Rating Agency Condition) will be deposited by the IESO by April 30, 2021. There is also a Program Cash Reserve Account which will begin to be funded from Clean Energy Adjustments following the Moratorium Period until it reaches the Program Cash Reserve Required Amount (on each Payment Date on and after May 15, 2021, an amount equal to 0.50% of the aggregate amount of all outstanding senior, subordinated and junior subordinated funding obligations determined as of such date, or such lesser amount that satisfies the Rating Agency Condition). Funds in the IESO Cash Reserve Account will be applied to pay Carrying Costs after April 2021 to the extent that funds can be so applied such that the aggregate amount of funds in the IESO Cash Reserve Account and Program Cash Reserve Account is maintained at the Program Cash Reserve Required Amount.

In connection with the incurrence of any Series of Notes, the Issuer may (i) establish a Series Account for purposes of accumulating funds used to make principal payments or for purposes of reserving funds to pay finance charges, and/or (ii) enter into a credit enhancement agreement or liquidity agreement. Whether a Series of Senior Notes has the benefit of a Series Account or any credit enhancement agreement or liquidity agreement will be determined from time to time by the Issuer and set out in the Term Sheet applicable to such Offering.

See "*Capital Markets Platform — Security*".

Priority of Payments:

Prior to an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available for disbursement will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts (up to a specified cap);
- payment of or accumulations in respect of interest for senior obligations, *pari passu* with payments under derivative agreements (other than termination payments);
- payment of or accumulations in respect of interest for subordinated obligations;
- payments of or accumulations in respect of interest for junior subordinated obligations;
- payment of or accumulations in respect of principal for warehouse obligations (see "*Warehouse Facilities*");
- accumulations in respect of principal for senior obligations (other than warehouse obligations), *pari passu* with termination payments under derivative agreements (other than as provided below);
- fees and other amounts (other than principal and interest) on senior obligations;
- the Manager's fees, expenses and reimbursement amounts;
- payment of or accumulations in respect of principal for subordinated obligations;
- fees and other amounts (other than principal and interest) on subordinated obligations;
- payment of or accumulations in respect of principal for junior

subordinated obligations;
- replenishment of Program Cash Reserve Account;
- replenishment of Series Accounts (other than accounts established for subordinated obligations or junior subordinated obligations);
- replenishment of Series Accounts established for subordinated obligations;
- fees and other amounts (other than principal and interest) on junior subordinated obligations;
- replenishment of Series Accounts established for junior subordinated obligations;
- termination payments under derivative agreements where the counterparty is the defaulting party or sole affected party;
- beneficiaries of the Issuer;
- indemnity amounts owing to the Manager; and
- all other obligations not specifically dealt with above.

After an Event of Default and acceleration of the Issuer Funding Obligations (other than Derivative Funding Obligations), amounts available to the Issuer or otherwise held by the Indenture Trustee will generally be applied in the following order of priority:

- taxes;
- trustee fees, expenses and reimbursement amounts;
- interest, fees and other amounts (other than principal) on senior obligations and payments under derivative agreements (other than termination payments), *pari passu*, then subordinated obligations (other than principal) and then junior subordinated obligations (other than principal);
- principal for warehouse obligations;
- *pari passu*, principal on senior obligations (other than warehouse obligations) and termination payments under derivative agreements (other than where the counterparty is the defaulting party or sole affected party);
- the Manager's fees, expenses and reimbursement amounts;
- principal for subordinated obligations and then junior subordinated obligations; and
- all other obligations not specifically dealt with above.

Notwithstanding the above, amounts held in a Series Account will be applied in accordance with the relevant Funding Obligation Agreement and amounts held in the Protection Account will be applied in accordance with the specific written payment statement and would not otherwise modify the provisions of the applicable payment waterfalls set out in the Master Trust Indenture.

See "*Capital Markets Platform — Payment Waterfall Prior to Acceleration*" and "*Capital Markets Platform — Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Currency:

Senior Notes may be denominated in any currency. The currency for a particular Series of Senior Notes will be set out in the Term Sheet applicable to such Offering.

Minimum Subscription:	Minimum principal amount of 100,000 units of the applicable currency and integral multiple of 1,000 of the applicable currency. The minimum subscription and denomination of the Senior Notes may be varied as set out in the Term Sheet applicable to such Offering.
Optional Redemption:	Senior Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.
Purchase for Cancellation:	The Issuer may, at any time, purchase at any price all or any of the Senior Notes in the market or by invitation for tenders or by private contract. Any Senior Notes so purchased shall be cancelled.
Distribution Method:	The Senior Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Senior Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103). By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.
Book-Entry Form:	The Senior Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Senior Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Senior Notes. Subject to limited exceptions, no purchasers of Senior Notes will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that purchaser's ownership thereof, and no holder of a Senior Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of owners. See *"Depository Services"*.
Resale Restrictions:	Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws and only through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws.** See *"Restrictions on Resale"*.
Risk Factors:	The purchase of the Senior Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Senior Notes, including the discussion set forth under *"Risk Factors"*, and any additional disclosure set out in the Term Sheet for each Offering.

Indenture Trustee:	BNY Trust Company of Canada.
Issuer Trustee:	Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from various forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario.

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation has been eliminated and a significant amount of new capacity has been added as a result of new natural gas powered capacity, new wind and solar capacity and additional baseload nuclear generation capacity. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen over the last decade, largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions.

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO or receive regulated prices, or payment amounts, that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

OPG is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario.

OPG is Ontario's largest clean energy generator. As at the date hereof, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power

turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. OPG's electricity generation accounts for almost half of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power or capacity purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is provided in the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum and is available at www.ieso.ca.

The Ontario Energy Board

The OEB is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to license and regulate the participants in Ontario's electricity market, including the activities of the IESO, transmitters and distributors which are also Electricity Vendors for the purposes of the FHPA.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province of Ontario, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Ontario government, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers,

acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their transmission and distribution licenses, as applicable, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions or all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit buildings within an LDC's service territory, there may be a unit sub-metering service provider that provides metering services for each individual unit. These sub-metering service providers are also licensed by the OEB. The following diagram depicts a simplified flow of funds between the key industry participants:[29]

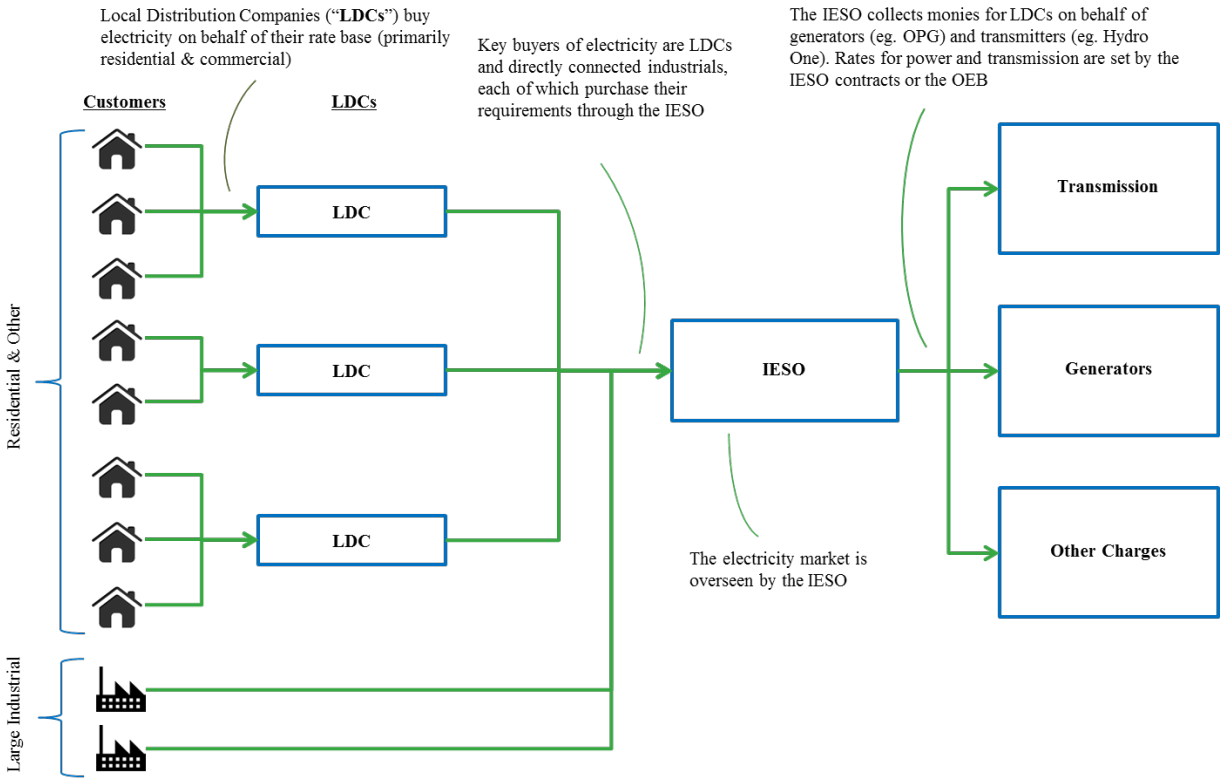

See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding LDCs.

Electricity Prices

There are two components that make up the commodity cost of electricity in Ontario, the Hourly Ontario Energy Price ("**HOEP**") and the Global Adjustment charge.

[29] **Note:** Proposed revisions to the text in the chart: (i) "The electricity market is ~~overseen~~ administered by the IESO"; (ii) "~~Rates for power and transmission are set by the IESO contracts or the OEB.~~ Prices paid to generators are determined by IESO contracts or approved by the OEB. Transmission rates are approved by the OEB."

- The HOEP is set by the IESO based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is paid by all consumers. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by the HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, including OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all Specified Consumers[30] the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of the HOEP and global adjustment charge was approximately equal to the IESO's liabilities in this regard, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, and in accordance with amendments to legislation, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered commodity prices for residential, farm and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in previous periods. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced the HOEP and the global adjustment charge by their LDC for electricity they have consumed. The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment charge in addition to the rate under their retail contract.

In addition to the HOEP and global adjustment charges, or RPP prices, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario Legislature passed the *Ontario Fair Hydro Plan Act, 2017*[31] (the "**FHPA**")[, legislation that reallocates certain electricity costs over time and provides immediate rate relief to consumers][32]. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will be the rates that result in a representative consumer being charged an invoice amount that is 25%[33] less than the rate that would otherwise have been determined by the OEB for that period (the "**Fair Adjustment**") absent Ontario's Fair Hydro Plan.

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

[30] **Note:** Some consumers below 500 kw are not Specified Consumers.

[31] **Note:** The FHPA was Schedule 1 to omnibus legislation entitled the *Fair Hydro Act, 2017*. Further, already defined as the FHPA above.

[32] **Note:** This narrative should be removed, or if necessary, the description of the FHPA should track the purposes of the Act as set out in Section 3 to the Act.

[33] The 25% reduction includes an 8% rebate equivalent to the provincial portion of the harmonized sales tax previously granted by the Ontario government and the shifting of certain support program costs from the rate base to the tax base.

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated its intention that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, OPG is appointed as the initial Financial Services Manager and given the authority to, among other things, establish, or cause to be established, one or more financing entities (each, a "**Financing Entity**") to incur payment obligations (such obligations, "**Funding Obligations**") to fund the acquisition of an Investment Interest. The Issuer is a Financing Entity under the FHPA and the Senior Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account.[34] The IESO has the right, exercisable in accordance with the FHPA and the Regulations, to recover the balance recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). However, in accordance with the FHPA, the IESO is not entitled to collect all or part of the balance recorded in the variance account (which is the basis of the Regulatory Asset) from specified consumers before May 1, 2021. The IESO may, in accordance with the FHPA, transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest.

[34] **Note:** Please consider disclosure of further details as to what is recorded in the variance account. For instance, paragraph 3 of Section 15 in the General Regulation states that amounts incurred by the IESO on or after May 1, 2017 but before the FHPA came into force may be recorded in the IESO deferral.

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover its "Finance Amount" (the costs of such financing). While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, the "**Investment Asset**", and an ownership interest therein, an "**Investment Interest**"). The Investment Asset consists, collectively, of the following rights and interests of Investment Interest owners (among other things):[35]

(a) the right and interest to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset (such payment obligations incurred by the IESO being "**Funding Rebates**"); and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount calculated in accordance with the FHPA and payable by Specified Consumers [to cover the cost of financing the shortfall that results from the Fair Adjustment].[36] The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount and the True-up Amount (each as described below).

The "**Finance Amount**" in respect of the Issuer for a period of time is an amount determined by the Financial Services Manager as follows:

[35] **Note:** Please consider disclosing in this section that the Investment Asset is a collective right of the Investment Interest owners. While this is explained in a risk factor ("The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities), additional explanation/ disclosure may be warranted here.

[36] **Note:** Consider that the statutory definition of "Clean Energy Adjustment" states that it is "the amount determined under section 15 [of the FHPA] and payable by specified consumers". The FHPA does not expressly state the purpose of the Clean Energy Adjustment.

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer, including any premium, make-whole or other amount payable to give effect to the prepayment, redemption or repurchase, that are paid or payable during the period;

(iv) payments required to be made in respect of any derivative agreements during the period, including ordinary course payments, payments on termination and payments made in connection with margining or collateral arrangements;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) Issuer expenses, including fees (including fees charged by the Financial Services Manager), charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA, and any taxes on such amounts, in each case that are paid or payable during the period;

(vii) taxes paid or payable by or on behalf of the Issuer, incurred directly or indirectly by the Issuer, or for which the Issuer is otherwise liable as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that payable during the period; and

(viii) amounts paid or payable by or on behalf of the Issuer during the period to any guarantor or surety that made a payment of an amount due and payable under a funding obligation, including pursuant to a guarantee, indemnity, contract of insurance or agreement entered into under subsection 5(2) or (3) of the FHPA;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the period;

(ii) for any period before May 1, 2021, amounts received during the period in respect of Carrying Costs and Funding Rebates and for any period on and after May 1, 2021, amounts received during the period in respect of Funding Rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the period;

(vi) amounts received by or on behalf of the Issuer as a refund of tax and to which the Issuer is entitled as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA during the period; and

(c) subtracting the sum calculated under (b) from the sum calculated under (a).

In determining the Clean Energy Adjustment, the Financial Services Manager must also calculate a "**True-up Amount**" in accordance with the Regulations. In principle, the True-up Amount should serve to ensure that the collection of the Clean Energy Adjustments is sufficient to pay the Finance Amount when it is due, by capturing any Finance Amounts not previously received in respect of the Clean Energy Adjustment during the preceding Reference Periods. The True-up Amount may also reflect historical and reasonably foreseeable differences between the estimated and actual Finance Amount; between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs; and variations in billings due to variations in electricity consumption. In determining such differences, the Financial Services Manager is required to have regard to amounts payable that were not collected and any amounts in respect of which an overpayment was made, which may include amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA and the Regulations. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if, among other things, it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a cent per kWh amount and are determined by the OEB by dividing (i) the Clean Energy Adjustment provided by the Financial Services Manager in respect of the relevant period of time by (ii) the forecast of electricity consumption of Specified Creditors in respect of such period, based on forecast information provided to the OEB by the IESO. Electricity Vendors are required to invoice their Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the [Issuer],[37] amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, and hold such amounts in trust for the benefit of the [Issuer] until remitted to the IESO for the benefit of the [the owners of Investment Interests (initially, only the Issuer)]. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate any payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice.[38] It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.[39] If there are any amounts that are collected by the Electricity Vendor, but not remitted to the IESO to remit to [the Issuer] during a Reference Period, such shortfall will be included in the True-up Amount for the subsequent period.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of such Specified Consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. [Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and

[37] **Note:** Please see note 17 regarding the placement of square brackets around "the Issuer" in this paragraph. The disclosure should indicate that amounts are collected for the Investment Interests owners (and that, as at the date of the OM, the Issuer is the only Investment Interest owner).

[38] **Note:** Please consider revising to conform more closely to Section 17(4) of the FHPA.

[39] **Note:** Please confirm.

remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Senior Notes, and the Issuer's other Carrying Costs, will be the amounts the IESO is obligated to pay under the Regulations during such period.][40] See *"— IESO Payment of Carrying Costs during the Moratorium Period"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations and other Finance Amounts have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Senior Notes and all other administrative and other financing expenses of the Issuer.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

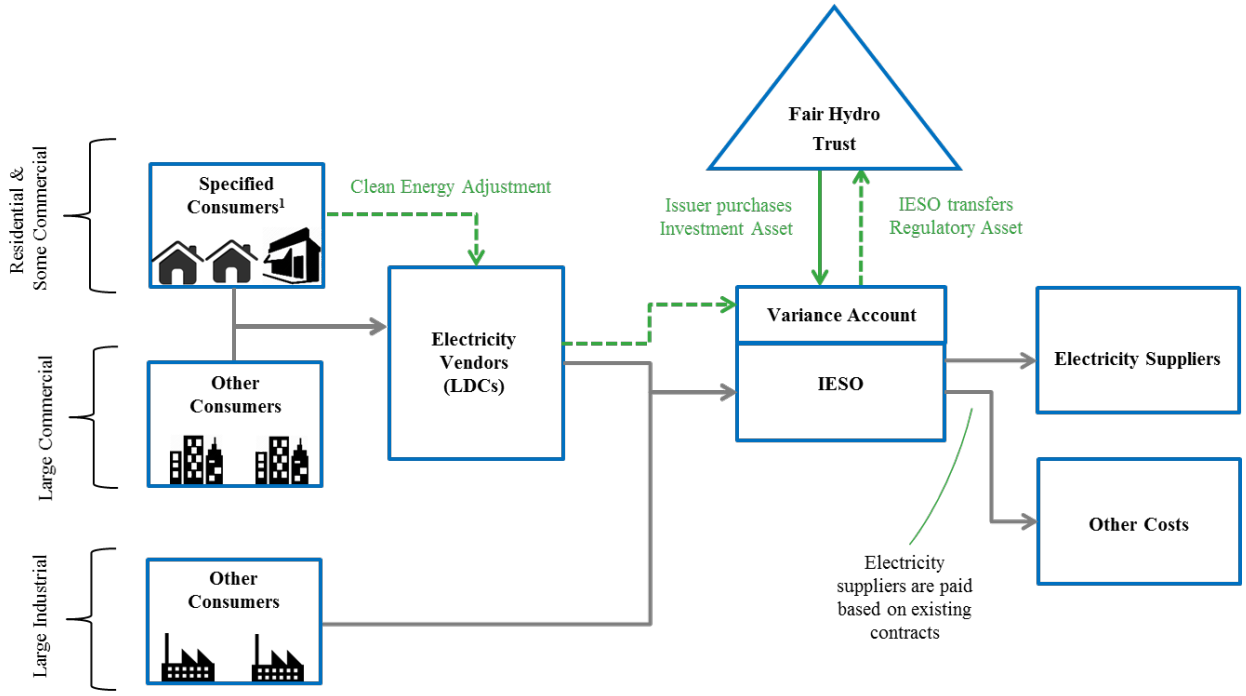

[1] There is currently one Specified Consumer that is directly connected to the IESO and, accordingly, makes payments, including in respect of the Clean Energy Adjustment, directly to the IESO.

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.[41] Under the FHPA, the Minister of Energy is responsible for determining the Fair Allocation Amount prior to the incurrence of the first Funding Obligation. The Fair Allocation Amount may be changed from time to time in accordance with the FHPA , provided

[40] **Note:** This narrative should more precisely track the FHPA. The relevant provisions are Section 25(3) [*the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2021*] and Section 21(4) [*limitation on the Financial Services Manager incurring funding obligations payable through Clean Energy Adjustments from July 1, 2017 to April 30, 2021*].

[41] **Note:** Please consider a description of the fair allocation amount that more closely aligns to Section 20(1) of the FHPA.

that no change of the Fair Allocation Amount shall affect any Clean Energy Adjustment that arises as a result of a Funding Obligation that has been incurred prior to such change.

OPG, as Financial Services Manager, is required to prepare a Financing Plan to evaluate whether and when potential Funding Obligations should be incurred by a Financing Entity to acquire an Investment Interest or for the purposes of a Refinancing. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred such that, along with any Funding Obligations already incurred, the estimated Finance Amount that would, subject to any Refinancing, become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period as of the date the Funding Obligations were incurred, after reducing the Fair Allocation Amount by the Readjustment Amount, if any, in respect of the Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA[, namely, to ensure that present and future Specified Consumers are bearing their fair share of the costs of providing Clean Energy Benefits][42]. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This [means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024.][43] Accordingly, the Financing Plan does not currently contemplate the issuance of any Senior Notes maturing prior to May 2024. The Financial Services Manager may, however, determine to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. If Senior Notes cannot be refinanced on or before the applicable Principal Payment Default Date, holders of such Senior Notes will have the ability to accelerate their Senior Notes resulting in Clean Energy Adjustments that would otherwise be used to pay the principal amount of subordinated indebtedness to holders of subordinated Notes being used to pay holders of accelerated Senior Notes.

The Financing Plan allows for the issuance of a variety of short and long term debt. See the Investor Presentation attached as Exhibit 1 to this confidential shelf offering memorandum for more details regarding the Financing Plan and the Fair Allocation Amount.

IESO Payment of Carrying Costs During the Moratorium Period

Commencing May 1, 2021, a charge in respect of the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Senior Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and extending to July 31, 2021,[44] the IESO, which is rated A(high) by DBRS Limited ("**DBRS**") and Aa2 by Moody's Investors Services, Inc. ("**Moody's**"), is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Carrying Costs include all funding costs (such as interest on the Senior Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Senior Notes).[45] The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset that the IESO is expected to transfer to the Issuer in a subsequent period and, upon such transfer, will become part of the Issuer's Investment Interest pursuant to the Regulations.

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying

[42] **Note:** Any description of the purpose of the FHPA should conform with the stated purposes of the Act set out in Section 3.

[43] **Note:** MOE to confirm.

[44] **Note:** Please clarify this disclosure for consistency with Section 9.1(1) of the General Regulation. This provision states that the IESO shall pay financing entity carrying costs in respect of the period beginning June 1, 2017 (before the Moratorium Period) and ending July 31, 2021.

[45] **Note:** Consider revising to conform with the definition of "carrying costs" in Section 9.1(3) of the General Regulation.

Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's statement, the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. Furthermore, as security for the performance of its obligations under the Regulations to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge. See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the Crown, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement and the detailed provisions thereof. The Change of Law Protection Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Pursuant to the Change of Law Protection Agreement in favour of the Indenture Trustee, upon a Protection Event and delivery by the Indenture Trustee of a written payment demand, the Province of Ontario is required to make payments of amounts that are due and payable in respect of all Approved Obligations when due and payable into the Protection Account (as hereinafter defined). The Issuer and Indenture Trustee must ensure that amounts deposited into the Protection Account are applied to pay each Specified Creditor to whom an amount is due and payable under an Approved Obligation. The Province of Ontario's obligation to make such payments under the Change of Law Protection Agreement upon a Protection Event and delivery by the Indenture Trustee of a written payment demand is referred to as the "**Limited Guarantee**".

The payment obligations of the Province of Ontario under the Limited Guarantee differ depending on whether an Acceleration has occurred. If no Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Change of Law Protection Agreement provides that the Province of Ontario is to pay the amounts due and payable on such date in respect of Approved Obligations. If an Acceleration has occurred in respect of any Obligation Secured on or before a date on which the Province of Ontario is to perform the Limited Guarantee, the Province of Ontario is to pay the amounts that would be available to be paid on such date in respect of the Approved Obligation on an applicable payment date in respect of the Approved Obligation under the applicable payment provisions of the Master Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Master Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of [section 15(1) of the FHPA (in effect as at December 21, 2017), including section 6.1 of the General

Regulation under the FHPA (in effect as at December 21, 2017)][46], divided by the number of months in such Reference Period.

The Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include payments of amounts that are due and payable in respect of the Notes).

Under the Change of Law Protection Agreement, the right to deliver a written payment demand on occurrence of a Protection Event to enforce the Limited Guarantee is the only remedy available to the Indenture Trustee (and to Specified Creditors, to the extent they are permitted to exercise any rights, interests or elections under and in accordance with the Master Trust Indenture). Specified Creditors are not permitted to exercise any rights, interests, or elections under the Change of Law Protection Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Master Trust Indenture as at December 21, 2017.

In connection with the provision of the Limited Guarantee, OPG, as Financial Services Manager, has entered into a process agreement with the Province of Ontario pursuant to which OPG is required to satisfy certain reporting and other requirements regarding the Issuer's incurrence of, and material amendments to, any Issuer Funding Obligations.

Protection Event

Each of the following constitutes a "**Protection Event**" under the Change of Law Protection Agreement:

(a)

(i) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(ii) the Ontario legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under the FHPA, in whole or in part, as in effect on the date hereof;

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof; or

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province of Ontario or an entity controlled by the Province of Ontario,

in each case, that (X) adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) above, or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of the Change of Law Protection Agreement or of any of the agreements under which Approved Obligations arise; or

[46] Perhaps this should instead cross-reference a more detailed description and explanation of the "Acceleration" mechanics under 6.1 of the Regulation.

(b) a court of competent jurisdiction determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Issuer to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Issuer not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any finance reserve account, capital account or collateral posting account applicable under a derivative agreement, (ii) the availability of any credit enhancement agreement to which the Issuer is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in this paragraph (b).

The occurrence of a Protection Event in and of itself will not result in the acceleration of the Senior Notes.

On a Protection Event and payment by the Province of Ontario of amounts in respect of Approved Obligations that are due and payable into the Protection Account, such deposited amounts are applied by the Issuer and Indenture Trustee in the priority of payments governed by the Master Trust Indenture.

Upon the Province of Ontario's payment of amounts in respect of Approved Obligations that are due and payable into the Protection Account, the Province of Ontario will be subrogated and entitled to all of the rights and interests of applicable Specified Creditors (including Noteholders) under and in respect of the Approved Obligations to the extent of the amounts paid. Applicable Specified Creditors in respect of whom amounts were deposited into the Protection Account will not have continuing rights, interests or entitlements (including rights as a secured party) in respect of Approved Obligations to the extent so paid; the Province of Ontario will be the absolute assignee of such rights. The Province of Ontario will have the right to be paid from the Issuer the amounts that the Province of Ontario paid in respect of the Approved Obligations ("**Subrogation Amounts**"), such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province of Ontario as applied to the amounts in respect of the Approved Obligations previously owing to Specified Creditors that the Province of Ontario has paid. The Province of Ontario will also be entitled to the benefit of the Collateral (as hereinafter defined) and proceeds therefrom to the extent of the amounts paid under the Limited Guarantee.

As payee of Subrogation Amounts, the Province of Ontario will be a Specified Creditor under the Master Trust Indenture and no person entitled under any Obligation Secured (including a Specified Creditor) that ranks equal with or subordinate to the Approved Obligation in respect of which the Province of Ontario is owed a Subrogation Amount will be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province of Ontario, and no such person will have any right to the Collateral or any proceeds therefrom in respect of any Subrogation Amount. Further, the entitlements of the Province of Ontario to Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes will be treated for all purposes of the Master Trust Indenture as interest and principal obligations, respectively, arising under Notes, having the same priority and any applicable voting rights as under the related Approved Obligations, and accordingly the Province of Ontario will be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with the Master Trust Indenture, as supplemented by the supplemental indenture or other indenture document under which the related Approved Obligations were issued.

Approved Obligations & Adherence Conditions

Under the Management Agreement, the Manager is required to ensure that all obligations of the Issuer are and remain Approved Obligations under the Change of Law Protection Agreement.

An "**Approved Obligation**" under the Change of Law Protection Agreement means: (i) a Certified Primary Obligation if the adherence conditions applicable thereto have been satisfied at the time such obligation was incurred; (ii) all other Primary Obligations that are not Certified Primary Obligations (except any Primary Obligation to which the Limited Guarantee will not apply on or after delivery of a Suspension Notice as described below); and (iii) all Certified Primary Obligations that the Province of Ontario, in its sole discretion, designates in writing is an Approved Obligation.

A "**Primary Obligation**" under the Change of Law Protection Agreements means any Obligation Secured under the Master Trust Indenture (i) that is a Funding Obligation or (ii) that otherwise is a payment obligation of the Issuer that gives rise to a Finance Amount, in each case other than (x) any amounts required to be deposited by or on behalf of the Issuer into any capital account or finance reserve account; and (y) any obligation to pay the Issuer or on the Issuer's direction any remaining amounts in the Collection Account pursuant to the Master Trust Indenture.

A "**Certified Primary Obligation**" means a Primary Obligation: (i) incurred by or on behalf of the Issuer to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing (each as defined below), of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Issuer upon the Issuer entering into a derivative agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such derivative agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Issuer upon entering into a contract that has a term of more than three (3) years which is not terminable by the Issuer giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Issuer thereunder during the term of such contract are or would be in excess of $5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

The Limited Guarantee shall apply to all Certified Primary Obligations that meet the following adherence conditions:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Master Trust Indenture;

(b) OPG, as Financial Services Manager, delivers a certificate to the Indenture Trustee on or before the incurrence of such obligation certifying, among other things, that OPG has delivered a certificate to the Province of Ontario confirming that OPG has complied with all of its obligations to the Province of Ontario and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation (an "**Adherence Compliance Certificate**"); and

(c) the Province of Ontario has not provided a Suspension Notice to the Indenture Trustee, OPG and the Issuer.

All Senior Notes shall constitute Obligations Secured under the Master Trust Indenture and therefore condition (a) above will be satisfied for all Offerings of Senior Notes. It will be a condition to any Offering of Senior Notes that OPG deliver the adherence certificate required pursuant to (b) above or that the Province of Ontario designates in writing that the Senior Notes are Approved Obligations. The Change of Law Protection Agreement provides that delivery of an adherence certificate shall be determinative of satisfaction of this adherence condition, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such certificate may be relied upon as conclusive evidence of same.

Suspension Notice & Post-Suspension Refinancings

The Change of Law Protection Agreement will remain in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

However, in the following limited circumstances, the Province of Ontario may deliver a written notice (a "**Suspension Notice**") to the Indenture Trustee, the Financial Services Manager and the Issuer:

(a) an acceleration of Funding Obligations in accordance with the provisions of the Master Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement;

(b) a default in the performance, or breach, of any covenants of OPG, as Financial Services Manager, or OPG, in its corporate capacity, in each case to the Province of Ontario in connection with its obligations to the Province of Ontario pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as Financial Services Manager or in its corporate capacity, to the Province of Ontario in connection with its obligations to the Province of Ontario and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the Financial Services Manager no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the Financial Services Manager as the Manager;

If a Suspension Notice has been provided under the Change of Law Protection Agreement (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding any Post-Suspension Refinancing, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province of Ontario, in each case, on or after the time such Suspension Notice is delivered.

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing; provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province of Ontario with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and during such 30-day period the Province of Ontario may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the notice or on such other terms as may be considered by the Province of Ontario to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably.

A "**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of the Change of Law Protection Agreement, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

A "**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province of Ontario has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

A "**Material Effect**" means a material adverse effect on the obligations or the rights of the Province of Ontario under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any transaction document which was previously provided to the Province of Ontario, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Issuer or the Issuer Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province of Ontario as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Master Trust Indenture; (vi) compliance by the Financial Services Manager with the then applicable Financing Plan; (vii) compliance by the Financial Services Manager or the Issuer with the FHPA or the Regulations; or (viii) the Province of Ontario's rights of subrogation or assignment or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Accordingly, notwithstanding delivery of a Suspension Notice, the Limited Guarantee shall continue to apply to: (i) any Approved Obligations that were incurred prior to the Suspension Event and (ii) any Funding Obligations incurred by the Issuer following a Suspension Event if the terms and conditions of the Change of Law Protection Agreement are satisfied and the proceeds of such incurrence are to be used for the purpose of repaying one or more series of Approved Obligations. Accordingly, subject to compliance with the Change of Law Protection Agreement, any Senior Notes or other Funding Obligations that may be issued following a Suspension Event to refinance Senior Notes that were Approved Obligations issued prior to a Suspension Event will continue to have the benefit of the Limited Guarantee.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust governed by the laws of the Province of Ontario pursuant to a declaration of trust made December 20, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purpose of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust and the detailed provisions thereof. The Declaration of Trust may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The Declaration of Trust establishes the Issuer to carry on activities for the exclusive benefit of its unitholders, FHP2017 Inc., a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under the Declaration of Trust. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as Manager, whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The permitted activities of the Issuer are limited to:

(a) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(b) managing, selling, assigning, pledging and collecting amounts due on or otherwise dealing with Investment Interests and certain other related assets in accordance with the terms of the Program Agreements;

(c) negotiating, authorizing, executing, delivering, assuming the obligations under and performing its duties under the Program Agreements;

(d) filing with any applicable securities commission one or more prospectuses, offering memoranda, registration statements or documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(e) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(f) making payments on Funding Obligations;

(g) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure Funding Obligations; and

(h) engaging in any lawful act or activity that is incidental to the above-mentioned purposes.

The Issuer Trustee may amend the Declaration of Trust under specified circumstances without the consent of Unitholders provided (i) the amendment will not materially adversely affect the interest of any Unitholder, unless that Unitholder has approved of the amendment in writing, and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee is required to provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of the Declaration of Trust.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer while any Funding Obligations remain outstanding. The Issuer Trustee may be removed by the Unitholders at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date such removal is to take effect. The Issuer Trustee may also be removed by the Unitholders with no prior written notice if it becomes bankrupt or insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. No such resignation will be effective until a replacement issuer trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and the Rating Agency Condition has been satisfied.

Each of the Issuer Trustee and its directors, officers, agents, representatives and employees will be indemnified from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever arising out of, among other things, any action or omission in relation to the execution of the duties of the Issuer Trustee or in relation to the trust property or the activities of the Issuer, except, in each case, for wilful misconduct, gross negligence or failure to comply with the standard of care established by the Declaration of Trust.

The following diagram illustrates the structure of the Issuer and its affiliates.

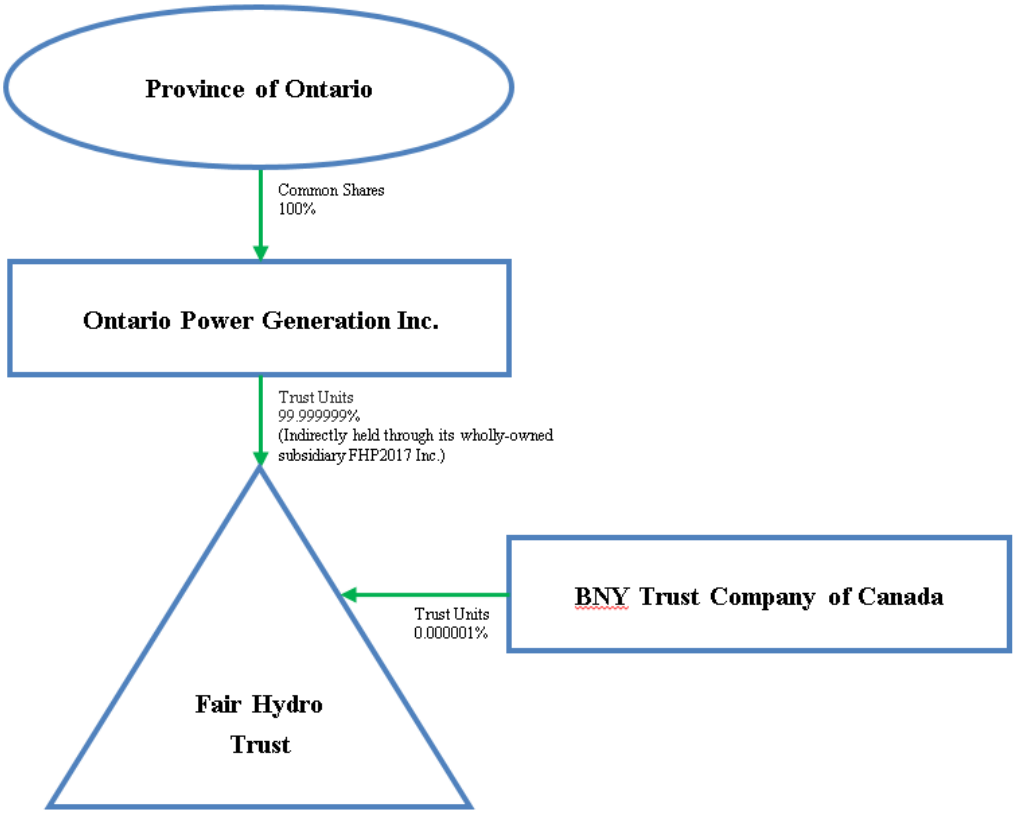

THE MANAGER

OPG has entered into a management agreement with the Issuer dated as of December 20, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as Manager, all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement and the detailed provisions thereof. The Management Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and executing, on behalf of the Issuer, the Program Agreements;

(b) maintaining accounts and banking records;

(c) enforcing the rights of the Issuer under the Program Agreements and the FHPA;

(d) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations;

(e) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(f) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of the Issuer's Funding Obligations;

(g) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Senior Notes, and ensuring that all statements of the Issuer made therein are at all times true and correct in all material respects;

(h) arranging for compliance by the Issuer with any continuous disclosure obligations;

(i) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(j) preparing financial statements and paying taxes on behalf of the Issuer;

(k) preparing a monthly portfolio report setting out information regarding incoming and outgoing cash flows; and

(l) providing such other services as are incidental to the foregoing or as may be agreed upon between the Issuer and the Manager.

The Manager is also required to work with the IESO to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting the Clean Energy Adjustment. The Manager will deliver written progress reports to the Issuer and the Indenture Trustee on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

Following the Moratorium Period, the Manager will review a monthly servicer report required to be delivered to the Issuer by the IESO under the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve any Electricity Vendor failures or discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors. The Manager is obligated to institute any proceedings necessary to compel performance by Electricity Vendors of any obligations or duties under the FHPA and the Regulations, including with respect to the invoicing, collection and remittance of Clean Energy Adjustment amounts. Commencing May 1, 2021 and pursuant to its rights under the Regulations, [47] the Manager shall review, or cause to be reviewed, on an annual basis, or less frequently as may be determined by the Manager and subject to satisfaction of the Rating Agency Condition, the records maintained by Electricity Vendors with respect to the Clean Energy Adjustment and if there is evidence of material non-compliance by an Electricity Vendor, the Manager will promptly review or cause to be reviewed the records of such Electricity Vendor.

The Manager is obligated to perform its duties under the Management Agreement diligently and in conformity with the Issuer's obligations under each of the Program Agreements and with the FHPA and the Regulations, as applicable, and honestly, in good faith and in the best interest of the Issuer. The Manager must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests in accordance with the FHPA or for the purposes of a Refinancing;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) calculating the True-up Amount;

[47] Please confirm the source of the right to review electricity vendor records under the Regulations. If this refers to Section 10(4) of the General Regulation, the right is that of the Issuer or the FSM.

(d) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(e) administering the Investment Interests on behalf of Financing Entities in accordance with the Program Agreements;

(f) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(g) establishing and charging fees for the services provided under the Management Agreement.

Subject to OEB approval and the Regulations, OPG is entitled to charge the Issuer a fee, comprised of a base fee and a variable fee, to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest. The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture.

The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture. No termination of the Manager will be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement with the Issuer whereby the replacement manager agrees to assume, in substance, the obligations of the Manager under the Management Agreement. If the Manager ceases to perform, or inadequately performs, its management duties under the Management Agreement, it might be difficult to find a replacement for the Manager or a successor manager. See "*Risk Factors − Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and Manager of the Issuer.*"

The Manager shall provide to the Issuer Trustee an annual certificate confirming compliance with certain matters, including: (i) accurate maintenance of the books and records of the Issuer; (ii) all debt obligations and expenses due and payable by the Issuer have been paid to date; (iii) all required filings with tax and regulatory authorities have been completed to date; and (iv) all material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

The Manager indemnifies the Issuer under the Management Agreement for any losses incurred by the Issuer as a result of the failure of the Manager to perform its obligations under the Management Agreement or any breach by the Manager of its representations and warranties under the Management Agreement or any other Program Agreement to which it is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the Manager is not obligated to indemnify the Issuer under the Management Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the Manager under the Management Agreement to a third party); (ii) changes in law, (iii) the validity or applicability of the Change of Law Protection Agreement; (iv) the collectability or sufficiency of the Clean Energy Adjustment or Carrying Costs to satisfy the Issuer Funding Obligations, including the Senior Notes; or (v) any liability of the Issuer incurred after termination of the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Senior Notes, it is expected that OPG will subscribe for subordinated debt and junior subordinated debt of the Issuer in an amount of no more than 49% of all of the Issuer's Funding Obligations, approximately 44% of which is expected to be funded through equity investments in OPG by the Province of Ontario with the remaining approximate 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes).

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that: (i) the aggregate outstanding principal amount of all subordinated debt and junior subordinated debt be equal to not less than 35% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations; and (ii) the aggregate outstanding principal amount of all junior subordinated debt be equal to not less than 10% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. From an accounting perspective, however, the Issuer will be consolidated with OPG.

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer.

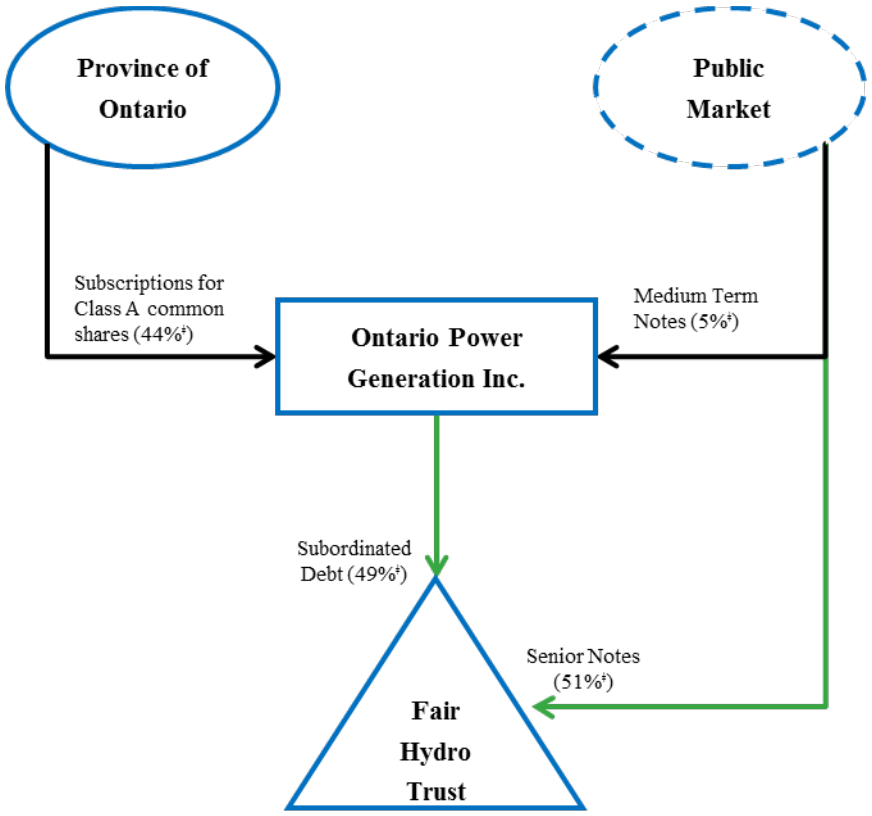

‡ OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt. Actual amounts may vary if OPG acquires less than 49% of the Issuer's outstanding debt.

SHORT TERM INDEBTEDNESS

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn;

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

THE TRANSFEROR AND SERVICER

The IESO has entered into a master transfer and servicing agreement with the Issuer dated as of December 21, 2017 (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO may periodically transfer specified portions of the Regulatory Asset to the Issuer. Additional information regarding the IESO, including its most recently published financial statements, is available at www.ieso.ca. Such information does not form part of this confidential shelf offering memorandum and neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the accuracy or completeness of any such information or to determine if there has been any omission by the IESO to disclose any facts, information or events which may affect the significance or accuracy of any such financial statements or other information.

The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement and the detailed provisions thereof. The Master Transfer and Servicing Agreement may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Senior Notes are outstanding.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) making commercially reasonable efforts to cause each Electricity Vendor to establish procedures for the invoicing of amounts in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies;

(e) contacting Electricity Vendors on the occurrence of certain events;

(f) holding Clean Energy Adjustment amounts collected in respect of the Issuer's Investment Interest in trust for the benefit of the Issuer and remitting such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain limited circumstances;

(g) together with the Issuer, settling a form of monthly servicer report to be provided to the Issuer; and

(h) forecasting the electricity consumption of Specified Consumers and providing such forecast information to the OEB and the Issuer.

While the IESO provides no guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced or that the Clean Energy Adjustment amounts will be sufficient to satisfy the Issuer's Funding Obligations, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement functions.

The IESO is required to work with the Manager to develop, on or before January 31, 2020, a written implementation plan identifying the actions to be taken by the IESO and the Issuer to facilitate the OEB, the Issuer, the IESO and Electricity Vendors being prepared to perform their obligations under the FHPA and the Regulations when setting, invoicing and collecting Clean Energy Adjustment amounts. The IESO and the Manager will deliver to the Issuer written progress reports on the status of the implementation plan on or before June 30, 2020, October 31, 2020 and January 31, 2021. The IESO is also required to work with the Issuer to settle a form of monthly servicer report, which will be provided to the Manager on or before the 20th business day after the end of each month in which Clean Energy Adjustment amounts are collected by Electricity Vendors from Specified Consumers, and which report is expected to contain available information regarding the Clean Energy Adjustment amounts billed, collected and remitted by Electricity Vendors, actual electricity consumption compared to forecast electricity consumption and such other information as may be agreed to by the IESO.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer.[48] However, the Issuer will reimburse the IESO for its direct costs relating to the performance by the IESO of its duties and obligations under the Master Transfer and Servicing Agreement that are not otherwise recovered by the IESO under the *Electricity Act, 1998* (Ontario), excluding any costs relating to the performance of the IESO's duties and obligations under the FHPA or the Regulations, including its obligation to pay the Issuer's Carrying Costs.

During the Moratorium Period and extending to July 31, 2021, the IESO, which is rated A(high) by DBRS and Aa2 by Moody's is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its Carrying Costs. Under the Regulations, Carrying Costs include all funding costs, such as interest on the Senior Notes, and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer, including repayment of principal on the Senior Notes.[49] Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of Carrying Costs estimated to be incurred by the Issuer in the following month. On or before the 14th business day following receipt of the Issuer's carry costs statement, the IESO is required to deliver the amount specified therein to the Issuer. The IESO has a $2 billion unsecured credit facility provided by the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs.

As security for the performance of its obligation to pay the Issuer's Carrying Costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable, which includes the amounts receivable by the IESO with respect to the global adjustment charge. The amounts paid by the IESO to fund these Carrying Costs will be recorded by the IESO in a variance account and form part of the Regulatory Asset which is expected to be offered by the IESO for transfer to the Issuer in a subsequent period and, upon completion of such transfer, shall become part of the Issuer's Investment Interest pursuant to the Regulations.

As security for any failure of Non-Investment Grade Rated Electricity Vendors to remit Clean Energy Adjustment amounts collected under the FHPA, the IESO is required, pursuant to the Master Transfer and Servicing Agreement, to provide to the Issuer on or prior to the first day of the first billing period when the Clean Energy

[48] **Note:** Please confirm.

[49] **Note:** Consider a description of "carrying costs" that conforms to the definition set out in Section 9.1(3) of the General Regulation. Also note that the Glossary defines "Carrying Costs" as having the meaning ascribed to the term in the Regulations.

Adjustment is being invoiced to Specified Consumers, a letter of credit from a provider that satisfies the Rating Agency Condition or a performance guarantee or such other form of security that is acceptable to the Issuer and that satisfies the Rating Agency Condition. A "**Non-Investment Grade Rated Electricity Vendor**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's, unless otherwise agreed to by Moody's; and (ii) "BBB(low)" or higher by DBRS, unless otherwise agreed to by DBRS.

The amount of security required from the IESO will be calculated on an annual basis and will be equal to the amount determined by the following formula:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recently completed twelve-month period, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same twelve-month period used for A, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current twelve-month forecast period available, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, representing the estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors.

E = 0.50 or another value as mutually agreed to in writing by the Issuer and the IESO and that satisfies the Rating Agency Condition.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement. Any replacement servicer must be permitted under the FHPA to perform the duties of servicer, the Rating Agency Condition must be satisfied and the replacement servicer must enter into a master transfer and servicing agreement with the Issuer having substantially the same terms as the Master Transfer and Servicing Agreement.

The IESO has agreed to indemnify the Issuer for any losses incurred by the Issuer as a result of the failure of the IESO to perform its obligations under the Master Transfer and Servicing Agreement or any other Program Agreement to which it is a party or the breach by the IESO of any of its representations or warranties under the Master Transfer and Servicing Agreement or any other Program Agreement to which the IESO is a party, except to the extent such losses result from the willful misconduct, bad faith or gross negligence of the Issuer. Notwithstanding the foregoing, the IESO is not obligated to indemnify the Issuer under the Master Transfer and Servicing Agreement for any losses resulting from: (i) a breach or failure to perform by a third party under any Program Agreement, the FHPA or the Regulations (excluding any delegation by the IESO under the Master Transfer and Servicing Agreement to a third party); (ii) changes in law, (iii) the collectability or sufficiency of the Clean Energy Adjustment to satisfy the Issuer's Funding Obligations, including the Senior Notes; or (iv) any liability of the Issuer incurred after termination of the Master Transfer and Servicing Agreement unless attributable to the actions or omissions of the IESO prior to such termination or in respect of a representation, warranty or covenant that survives such termination.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of such obligation. The credit ratings accorded to the Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no

assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Senior Notes at the time of such Offering.

RATING AGENCY CONDITION

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action. If the Rating Agency Condition is to be satisfied without specifying one or more specific Series or Tranches of Notes, the Rating Agency Condition must be satisfied with respect to all outstanding Series or Tranches of Notes.

CAPITAL MARKETS PLATFORM

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program which allows for the issuance of a variety of short and long term debt, as well as interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under Supplemental Indentures and in certain cases, Terms Documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and Borrowings incurred by the Issuer are Issuer Funding Obligations. Each Issuer Funding Obligation will be part of a Class and Series of Issuer Funding Obligations, and may include one or more Tranches. A Class designation determines the relative seniority for receipt of cash flows. See "*— Subordination Provisions*", "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*". Tranches of Issuer Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture does not purport to be comprehensive or definitive. This overview summarizes certain provisions of the Master Trust Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. All references in this confidential shelf offering memorandum to the Master Trust Indenture are qualified in their entirety by reference to the Master Trust Indenture and the detailed provisions thereof. The Master Trust Indenture may be reviewed at the principal office of the Issuer Trustee in Toronto, Ontario during normal business hours while any Notes are outstanding.

Indenture Trustee

BNY Trust Company of Canada, a trust company governed by the laws of Canada, is the Indenture Trustee under the Master Trust Indenture.

Under the terms of the Master Trust Indenture, the Issuer has agreed to pay the Indenture Trustee reasonable compensation for the performance of its duties under the Master Trust Indenture. The Indenture Trustee has agreed to perform only those duties expressly set forth in the Master Trust Indenture. Many of the duties of the Indenture Trustee are described throughout this confidential shelf offering memorandum. Under the terms of the Master Trust Indenture, the Indenture Trustee's limited responsibilities include the following:

- to authenticate, deliver, cancel and otherwise administer the Notes;
- to serve as the registrar in respect of the Notes;

- to establish and maintain all Issuer Accounts and to maintain accurate records of activity in those accounts;

- to serve as the Paying Agent and distribute and transfer funds at the direction of the Manager in accordance with the terms of the Master Trust Indenture;

- to invest funds in the Issuer Accounts at the direction of the Manager (or its agent);

- to deliver to Specified Creditors notice of any Default, Event of Default, Acceleration Event, Protection Event or Servicer Default of which it has received notice, as required under the Master Trust Indenture; and

- to perform certain other administrative functions identified in the Master Trust Indenture.

In the exercise of its duties, the Indenture Trustee will use the same degree of care and skill as a reasonably prudent person would use in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged (see "*— Satisfaction and Discharge*"), the Indenture Trustee will no longer act as Indenture Trustee and will have no fiduciary responsibilities to any remaining Specified Creditors and will act only as security agent for those remaining Specified Creditors. The Indenture Trustee is not liable for any errors of judgment as long as the errors are made in good faith and the Indenture Trustee was not negligent. Furthermore, the Indenture Trustee will not be liable for any action taken or not taken by it in good faith if directed to do so by Extraordinary Resolution. The Indenture Trustee is not required to expend or risk its own funds, or incur any financial liability in the exercise of its duties under the Master Trust Indenture and it will not be obliged to exercise any of its rights under the Master Trust Indenture at the request of any Controlling Class Creditor unless such Controlling Class Creditor has provided it with security or an indemnity reasonably satisfactory to it.

In addition to the Indenture Trustee's compensation and the reimbursement of the Indenture Trustee's expenses in connection with the Master Trust Indenture, the Issuer will indemnify the Indenture Trustee for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the administration of the trusts under the Master Trust Indenture. The payment of all such amounts will be subject to the payment waterfalls set out in the Master Trust Indenture and in certain instances, such amounts will be higher in priority than payments to Noteholders. See "*— Payment Waterfalls Prior to Acceleration — Collection Account*", "*— Payment Waterfalls Prior to Acceleration — Protection Account*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

The Indenture Trustee may resign at any time by giving written notice to the Issuer and it may be removed for any reason by Ordinary Resolution of Controlling Class Creditors. The Indenture Trustee must resign if a material conflict of interest arises in its role as an Indenture Trustee under the Master Trust Indenture and such conflict of interest is not eliminated within 90 days after the Indenture Trustee becomes aware of such material conflict of interest. The Issuer may remove, or any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee if (i) the Indenture Trustee is no longer eligible to act as trustee under the Master Trust Indenture (and any Supplemental Indenture) and fails to resign after it has received a written request to do so by the Issuer or by any Controlling Class Creditor, (ii) the Indenture Trustee becomes incapable of acting, or (iii) the Indenture Trustee becomes subject to any bankruptcy or insolvency related events. In all such circumstances, the Issuer must appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the successor Indenture Trustee accepts the appointment. If an instrument of acceptance by a successor Indenture Trustee has not been delivered to the Indenture Trustee within 30 days of giving notice of resignation or removal, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Indenture Trustee.

Any successor Indenture Trustee will execute and deliver to the Issuer and its predecessor Indenture Trustee an instrument accepting such appointment. The successor Indenture Trustee must be a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business in each of the provinces and territories of Canada. The Issuer

may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee.

The Indenture Trustee may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Indenture Trustee (subject to its obligation to resign if there is a material conflict).

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to incur any Issuer Funding Obligations or other obligations unless the Issuer meets the conditions described below under *"— Issuer Funding Obligations"* and *"— Other Obligations Secured"*.

Issuer Funding Obligations

The Issuer may not incur any new Issuer Funding Obligations, or renew or extend any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Issuer Funding Obligations:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of such incurrence;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that such incurrence will not cause an Adverse Effect; an "**Adverse Effect**" means that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to the Master Trust Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the security interest and the rights and remedies of the Indenture Trustee in respect thereof;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (A) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan; see *"Ontario Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) the conditions set out in clauses (c), (d), (g) and (k) below are met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) the Rating Agency Condition is satisfied with respect to all outstanding Series or Tranches of Issuer Funding Obligations;

(e) the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such Issuer Funding Obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such Issuer Funding Obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

(f) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture relating to the applicable Series or Tranche of Notes and, if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer has Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 35% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer has Junior Subordinated Funding Obligations in an aggregate outstanding principal amount equal to not less than 10% of the aggregate outstanding principal amount of the aggregate Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) has made the acknowledgements and agreements described below under "— *Acknowledgements of Specified Creditors*";

(j) the Change of Law Protection Agreement is in full force and effect against the Province of Ontario or has been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(l) in the case of an issuance of Notes only:

(i) the Indenture Trustee receives a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes described in section 163(f)(2)(A) of the United States Internal Revenue Code of 1986, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f) of the United States Internal Revenue Code of 1986), then such Notes are described in section 4701(b)(1)(B) of the United States Internal Revenue Code of 1986 and such section will apply to such Notes; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

Periodic drawdowns under existing Funding Obligation Agreements will not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an outstanding Series or Tranche of Notes will constitute a new incurrence of Issuer Funding Obligations.

The Indenture Trustee is not required to and, except as otherwise provided in a Funding Obligation Agreement, the Issuer is not required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to issue any Issuer Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations (including Derivative Funding Obligations) so long as:

(a) the Issuer delivers to the Indenture Trustee a copy of the agreement giving rise to such obligations;

(b) the Issuer delivers to the Indenture Trustee an updated list of the Specified Creditors;

(c) the counterparty to the agreement giving rise to such obligations makes the acknowledgements and agreements described below under "*— Acknowledgements of Specified Creditors*";

(d) if the obligations are Certified Primary Obligations, the Indenture Trustee receives either:

(i) a certified copy of the instrument whereby the Province of Ontario designated in writing that such obligation is an Approved Obligation as contemplated by the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to such obligation delivered in accordance with the Change of Law Protection Agreement; and (B) a certificate signed by the Manager certifying that the Province of Ontario has not provided a Suspension Notice;

provided that, in respect of derivative agreements, the Issuer will provide notice to each Rating Agency of the identity of the Derivative Counterparty and the terms of any applicable master agreement and schedule.

Derivative Agreements

The Issuer may, from time to time, enter into one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a Derivative Counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a Derivative Counterparty to make payments if a reference rate is greater than a specified rate and entitling the Derivative Counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from the Derivative Counterparty in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Payments received by the Issuer will constitute Available Collections.

Acknowledgements of Specified Creditors

Each Specified Creditor must acknowledge and agree in favour of the Indenture Trustee that it is a Specified Creditor under the Master Trust Indenture and that its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Master Trust Indenture including, without limitation, those described under "*— Indenture Trustee*", "*— Payment Waterfalls Prior to Acceleration*", "*— Debtholder Approvals and Meetings — Access to Debtholder Lists*", "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*", "*— Acceleration and Remedies — Rights of Specified Creditors*", "*— Acceleration and Remedies — Limited Recourse*" and "*— Acceleration and Remedies — No Petition*".

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Issuer Funding Obligations: "Senior Funding Obligations", "Subordinated Funding Obligations" or "Junior Subordinated Funding Obligations" (each, a "**Class**"). The payment of interest on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations and Derivative Funding Obligations. The payment of interest on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of interest on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. The payment of principal on Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations and Derivative Funding Obligations. The payment of principal on Junior Subordinated Funding Obligations shall be subordinate and rank junior to the payment of principal on Senior Funding Obligations, Derivative Funding Obligations and Subordinated Funding Obligations. In each case, the subordinations are the to the extent and in the manner set forth in the Master Trust Indenture and described under "*— Payment Waterfalls Prior to Acceleration*" and "*— Acceleration and Remedies — Payment Waterfall Upon Acceleration*".

Subject to the applicable payment waterfall, (i) all Senior Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction on account, (ii) all Subordinated Funding Obligations will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction and (iii) all Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits of the Master Trust Indenture with respect to such Series or Tranche without preference, priority or distinction, in each case, except as set out in a related Funding Obligation Agreement.

Security

To secure the payment of all Obligations Secured, including principal of and interest on the Issuer Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Investment Interest acquired by the Issuer; (ii) each Issuer Account (including all sub-accounts); (iii) all Eligible Investments and all investment property, money and other property held in any Issuer Accounts (including all sub-accounts); (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all rights, benefits and powers of the Issuer under the FHPA; (vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (ix) all amounts received with respect to all of the foregoing; and (x) all proceeds of the foregoing (collectively, the "**Collateral**").[50]

Issuer Accounts

Pursuant to the Master Trust Indenture, the Issuer will establish various accounts ("**Issuer Accounts**") – Program Accounts, Series Accounts and Securities Accounts. Each Issuer Account will be under the sole dominion and exclusive control of the Indenture Trustee. Each Program Account and each Series Account will be established as a segregated trust account with an Eligible Institution (an "**Eligible Deposit Account**"). If the institution holding any Program Account or Series Account ceases to be an Eligible Institution, the Issuer will establish a new Program Account or Series Account that is an Eligible Deposit Account and transfer any funds or other property from such existing Program Account or Series Account to such new Program Account or Series Account. Each Securities

[50] **Note:** Consider also including the floating charge in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer in the definition of Collateral. (s. 2.01(b) of the Master Trust Indenture).

Account will be established as a segregated securities trust account with an affiliate of an Eligible Institution, which affiliate is licensed to maintain securities accounts (an "**Eligible Securities Account**"). If the institution holding any Securities Account ceases to be an affiliate of an Eligible Institution, the Issuer will establish a new Securities Account that is an Eligible Securities Account and transfer any funds or other property from such existing Securities Account to such new Securities Account. The Indenture Trustee has no obligation to reconcile any Issuer Account against another Issuer Accounts or against the Program Agreements.

Program Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Collection Account**"). The Indenture Trustee will hold the Collection Account for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received by the Issuer will be credited to the Collection Account. "**Available Collections**" means: (i) all amounts received by the Servicer in respect of the Clean Energy Adjustment from Specified Consumers, (ii) IESO Carrying Cost payments (other than the IESO Cash Reserve Deposit Amount); and (iii) amounts received by the Issuer pursuant to derivative agreements. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Interest Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Interest Accumulation Account**"). The Indenture Trustee will hold the Interest Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account has been established for the purposes of pre-funding, collateralizing, over-collateralizing or establishing reserves for the payment of interest in respect of all Issuer Funding Obligations.

Principal Accumulation Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Principal Accumulation Account**"). The Indenture Trustee will hold the Principal Accumulation Account for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account has been established for the purpose of accumulating funds to be used to make repayments in respect of all Issuer Funding Obligations.

IESO Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**IESO Cash Reserve Account**"). The Indenture Trustee will hold the IESO Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the IESO Cash Reserve Deposit Amount in the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt by the Issuer of the IESO Cash Reserve Deposit Amount from the IESO.

Program Cash Reserve Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Program Cash Reserve Account**"). The Indenture Trustee will hold the Program Cash Reserve Account for the benefit of the Indenture Trustee and the Specified Creditors. The Issuer will deposit the Program Cash Reserve Required Amount in the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available therefor under the Collection Account Waterfall.

Refinancing Account

Pursuant to the Master Trust Indenture, the Issuer has established an Eligible Deposit Account in the name of the Indenture Trustee (the "**Refinancing Account**"). The Indenture Trustee will hold the Refinancing Account for

the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings will be credited to the Refinancing Account.

Protection Account

Pursuant to the Master Trust Indenture, before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer will establish an Eligible Deposit Account in the name of the Indenture Trustee (the "**Protection Account**"). The Indenture Trustee will hold the Protection Account for the benefit of the Indenture Trustee and the Specified Creditors. On the occurrence of a Protection Event and a written payment demand from the Indenture Trustee to the Province of Ontario, all payments received from the Province of Ontario under the Change of Law Protection Agreement will be credited to the Protection Account.

Series Accounts

Series Capital Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Capital Reserve Account**"). The Indenture Trustee will hold each Series Capital Reserve Account for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated will be specified in the applicable Funding Obligation Agreement.

Series Finance Reserve Account

In connection with the creation of a Series of Issuer Funding Obligations, the Issuer may establish an Eligible Deposit Account in the name of the Indenture Trustee (a "**Series Finance Reserve Account**"). The Series Finance Reserve Account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold each Series Finance Reserve Account for the benefit of the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the sole purpose of allowing the Issuer to reserve funds to pay finance charges for a Series of Issuer Funding Obligations. Details of any reserve requirements will be specified in the applicable Funding Obligation Agreement.

Securities Accounts

In connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may establish an Eligible Securities Account in the name of the Indenture Trustee (a "**Securities Account**"). The Indenture Trustee will hold each Securities Account for the benefit of the applicable Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments. Each Securities Account may relate to only one Program Account or Series Account. Funds in each Program Account and Series Account will be invested in Eligible Investments at the direction of the Manager using the associated Securities Account. Additionally, neither the Indenture Trustee nor the Manager will be responsible for any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on Eligible Investments.

Credit Enhancement Agreements and Liquidity Agreements

A Series or Tranche of Issuer Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a Series or Tranche of Notes may have the benefit of one or more forms of liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a Series or Tranche of Issuer Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement and the related Term Sheet (where applicable).

Payment Waterfalls Prior to Acceleration

All amounts received by the Issuer and all amounts to be paid by the Issuer from a Program Account or Series Account will be made in accordance with the payment waterfalls described below. All payments or transfers described in the sections below will be made by the Paying Agent based on payment instructions provided by the Manager. See "*— Covenants of the Issuer — Payment Instructions*".

Collection Account

Subject to the paragraph below, on each Payment Date (after giving effect to the distributions described in the first paragraph under "*— IESO Cash Reserve Account*"), all amounts on deposit in the Collection Account will be distributed in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted) (the "**Collection Account Waterfall**"):

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount equal to (i) $150,000, multiplied by (ii) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (iii) 12;

(c) third, *pari passu* (i) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(e) fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date;

(f) sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(g) seventh, *pari passu* (i) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (ii) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay all fees and other amounts (other than principal or interest) owing in respect of Senior Funding Obligations;

(i) ninth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(j) tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(k) eleventh, to pay all fees and other amounts (other than principal or interest) owing in respect of Subordinated Funding Obligations;

(l) twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date;

(m) thirteenth, to transfer to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(n) fourteenth, to transfer to any Series Account (other than any Series Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations), the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(o) fifteenth, to transfer to any Series Account related solely to Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(p) sixteenth, to pay all fees and other amounts (other than principal or interest) owing in respect of Junior Subordinated Funding Obligations;

(q) seventeenth, to transfer to any Series Account related solely to Junior Subordinated Funding Obligations, the amount required to replenish such Series Account as required by any related Funding Obligation Agreement;

(r) eighteenth, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(s) nineteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiaries of the Issuer;

(t) twentieth, to pay all indemnity amounts owing to the Manager;

(u) twenty-first, *pari passu* (i) to pay fees, expenses, reimbursement and indemnity amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (b), (ii) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (iii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(v) twenty-second, any amounts remaining (i) to be held in the Collection Account for distribution in the above order of priority on the next Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full and discharged, and all other amounts have been paid in full, to pay to the Issuer.

Notwithstanding the foregoing, (i) the transfer of any amounts deposited by the IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and (ii) the transfer of any amounts deposited in the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three business days of the closing date of such transaction, will, in each case, be made without reserving for or paying amounts which are senior in priority to such obligation under the Collection Account Waterfall.

Interest Accumulation Account

On each Interest Payment Date, the Paying Agent will distribute all amounts on deposit in the Interest Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all interest that is due and payable on Senior Funding Obligations on such Interest Payment Date;

(b) second, to pay all interest that is due and payable on Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining on deposit in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations as of such Interest Payment Date; and

(c) third, to pay all interest that is due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date, so long as after making this payment, the amount remaining in the Interest Accumulation Account at least equals the amount of accrued and unpaid interest on Senior Funding Obligations and Subordinated Funding Obligations as of such Interest Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the next Interest Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Principal Accumulation Account

On each Interest Payment Date (after making the applications provided for in the waterfall under "*— Interest Accumulation Account*"), if any interest that is due and payable on Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency will be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Interest Payment Date, provided that if the amount to be applied pursuant to this paragraph is insufficient to pay all such interest, the application of such amounts will be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

On each Principal Payment Date (after making the applications provided for in the previous paragraph), the Paying Agent will distribute all amounts on deposit in the Principal Accumulation Account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay all principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay all principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay all principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(d) fourth, to pay all principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date, so long as after making this payment, the amount remaining in the Principal Accumulation Account at least equals the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

IESO Cash Reserve Account

On each Payment Date beginning in November, 2021, an amount equal to the lesser of (i) the amounts to be paid or transferred pursuant to items (a) through (e) of the Collection Account Waterfall, and (ii) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required

Amount will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall.

On each Payment Date, if the amounts available for distribution from the Collection Account and from the preceding sentence are insufficient to pay or transfer items (a) through (e) of the Collection Account Waterfall, an amount equal to such deficiency will be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments or transfers in the order provided for in the Collection Account Waterfall. Once all funds in the IESO Cash Reserve Account have been paid out, the IESO Cash Reserve Account will be closed.

Program Cash Reserve Account

If, on any Payment Date, the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), an amount equal to such deficiency will be withdrawn from the Program Cash Reserve Account and deposited in the Interest Accumulation Account.

If, on any Principal Payment Date, the amount available in the Principal Accumulation Account (in accordance with the provisions applicable thereto) is insufficient to pay all principal that is due and payable on Warehouse Obligations, other Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as applicable (see "— *Principal Accumulation Account*"), on such Principal Payment Date (after making the applications provided for in the previous paragraph), amounts on deposit in the Program Cash Reserve Account will be used in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay the deficiency on principal that is due and payable on Warehouse Obligations on such Principal Payment Date;

(b) second, to pay the deficiency on principal that is due and payable on Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(c) third, to pay the deficiency on principal that is due and payable on Subordinated Funding Obligations on such Principal Payment Date; and

(d) fourth, to pay the deficiency on principal that is due and payable on Junior Subordinated Funding Obligations on such Principal Payment Date.

Any amounts remaining after the applications referred to above: (i) to be held in the Program Cash Reserve Account for distribution in the above order of priority on the next Interest Payment Date or Principal Payment Date; or (ii) after all Issuer Funding Obligations have been paid in full, to be transferred to the Collection Account.

Refinancing Account

On each Principal Payment Date, the Paying Agent will transfer from the Refinancing Account to the Principal Accumulation Account the lesser of (i) the amount on deposit in the Refinancing Account, and (ii) the amount by which the sum of the Principal Accumulation Amounts for all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on such Principal Payment Date (without reference to any refinancing notice) exceeds the amount on deposit in the Principal Accumulation Account. After all Issuer Funding Obligations have been paid in full, any amounts remaining in the Refinancing Account will be transferred to the Collection Account.

Protection Account

On each date in respect of which the Province of Ontario makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other payment waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written payment statement delivered by the Manager to the Province of Ontario under the Change of Law

Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable payment waterfall.

On the Province of Ontario paying any amount in respect of an Approved Obligation into the Protection Account, the Province of Ontario will be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of the amounts paid to the Specified Creditor out of the Protection Account, and shall be entitled to the right to be paid the applicable Subrogation Amount, the benefits of the Collateral, and all proceeds therefrom.

Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to make all required payments to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to the applicable Specified Creditors in accordance with the related Funding Obligation Agreement.

Covenants of the Issuer

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Issuer Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Use of Proceeds

The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

Legal Existence

The Issuer will do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity.

Separateness Covenants

The Issuer will take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its affiliates. Such steps include: (i) conducting all transactions with the Manager strictly on an arm's length basis and in good faith; (ii) allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable; (iii) conducting its affairs strictly in accordance with the Declaration of Trust; (iv) maintaining its books and records separate from those of the Manager or any affiliate thereof; (v) preparing its financial statements separately from those of the Manager and ensuring that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity; (vi) only maintaining bank accounts or other depository accounts to which the Issuer alone is the account party and from which only the Issuer or its agent has the power to make withdrawals; (vii) paying its operating expenses from its own assets (including, reimbursing the Manager for any such expenses); (viii) maintaining its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any affiliate thereof; and (ix) not becoming liable to any person for any obligations of the Manager or any affiliate thereof.

Performance of Obligations

The Issuer agrees that it will (i) perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral; (ii) diligently pursue any and all

actions to enforce its rights each instrument or agreement included in the Collateral except as expressly provided in any Program Agreement; and (iii) enforce the Servicer's material obligations under the Master Transfer and Servicing Agreement and the Manager's material obligations under the Management Agreement.

Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*— Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Issuer will not enter into any Funding Obligation Agreement (other than a Funding Obligation Agreement relating to Warehouse Obligations) that the Manager believes, acting reasonably, would likely require the Issuer to pay principal on such Issuer Funding Obligation by means of a Refinancing (other than a Pre-Approved Refinancing).

Financial Statements; Statement as to Compliance

The Issuer will deliver, or cause to be delivered to the Indenture Trustee and the Rating Agencies: (i) within 140 days after the end of each fiscal year, audited financial statements of the Issuer; (ii) within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer; and (iii) on an annual basis on or before March 31 of each year, a written statement concerning compliance with the conditions and covenants contained in the Master Trust Indenture and confirming that no Default or Event of Default has occurred or if a material Default or Event of Default has occurred, specifying the details thereof.

Payment Instructions

The Issuer will deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) on a monthly basis, a payment instruction in respect of the Collection Account, which instruction shall set out the payments to be made on the following Payment Date and setting forth, among other things, (i) the amount of the payment to Debtholders (including a breakdown of principal and interest), (ii) any other transfers and payments to be made on such Payment Date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iii) the amounts on deposit in the Collection Account after giving effect to the foregoing payments. Similar payment instructions will also be delivered in respect of each other Program Account and Series Account, as and when payments are to be made from those accounts.

Notice of Certain Events; Protection Event

The Issuer will give the Indenture Trustee and each Rating Agency prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement (including any Servicer Default), (iii) each breach on the part of the Manager of its obligations under the Management Agreement, (iv) any default of the Issuer or a Derivative Counterparty under a derivative agreement, and (v) any Protection Event.

No Other Business

The Issuer will not engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this confidential shelf offering memorandum under "The Issuer".

Amendments to Program Agreements

Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than the Master Trust Indenture and individual trade confirmations under derivative agreements), or enter into any Co-Owner Agreement. Without limiting the foregoing sentence, the Issuer will not:

(a) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors by Ordinary Resolution;

(b) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than the Master Trust Indenture, the derivative agreements and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province of Ontario having been given prior notice;

(c) consent, if consent is required, to the resignation of the Manager under the Management Agreement; or

(d) amend the Declaration of Trust if such amendment would have or reasonably be expected to have an Adverse Effect; provided that if such amendment would have such result, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected by such amendment by Ordinary Resolution.

Regarding amendments to the Master Trust Indenture or a Supplemental Indenture, see "*— Amendments to Master Trust Indenture*".

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income Tax Act* (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and/or assumption agreement or supplement, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agrees, pursuant to such assignment and/or assumption agreement or supplement, that (A) all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) it will make all filings required by applicable securities laws in connection with any Notes;

(b) no Event of Default has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel,[51] each stating that (i) such transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to such transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the Collateral has been taken.

[51] **Note:** Please confirm deletion of "external counsel". Please see definition of "Opinion of Counsel" and s. 13.19(c) in Master Trust Indenture.

No Borrowing; Guarantees, Loans; Restricted Payments

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Master Trust Indenture or the Declaration of Trust, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of such units to the extent that cash or property is available for such purpose, subject to the payment waterfalls provided for in the Master Trust Indenture. If the Issuer is restricted from satisfying the foregoing amounts in cash or property, then the Issuer will satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

Subordinated Funding Obligations and Junior Subordinated Funding Obligations

Notwithstanding anything in a Funding Obligation Agreement to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Funding Obligations or Junior Subordinated Funding Obligations unless the following conditions are satisfied: (i) no Default or Event of Default has occurred and is continuing; (ii) all Issuer Accounts are fully funded in accordance with the Master Trust Indenture and any applicable Funding Obligation Agreement; and (iii) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to such redemption will not be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

The Issuer will not permit (i) the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, or (ii) the aggregate outstanding principal amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate outstanding principal amount of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than permitted liens) to be created on or extend to the Collateral, (ii) release any security or guarantee in respect of the Collateral, (iii) sell, transfer, exchange or otherwise dispose of any of the Collateral except as expressly permitted under the Master Trust Indenture, or (vi) change its name, jurisdiction of formation or type of organization, unless it has provided the Indenture Trustee and each Rating Agency with prior written notice and it has first made all filings and taken all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the Collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture or any other Funding Obligation Agreement and the other covenants described in this section, the Issuer agrees that:

- upon the written request of the Indenture Trustee, it will use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement;

- it will not claim any credit on or make any deduction from the principal and interest payable on the Notes or Borrowings (other than amounts withheld or deducted in accordance with the Master Trust Indenture); or

- it will not take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of Specified Creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any Specified Creditor upon prior notice to each Rating Agency and the Province of Ontario and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;

- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations;

- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), to correct a clear clerical or administrative error, or make any other provisions for matters or questions arising under the Master Trust Indenture;

- provide for the issuance of any Series or Tranche of Notes and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche;

- provide for the acceptance of a successor Indenture Trustee under the Master Trust Indenture;

- add any Events of Default relating to any or all Classes, Series or Tranches of Issuer Funding Obligations;

- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;

- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;

- provide for additional forms of credit enhancement for any Class, Series or Tranche of Issuer Funding Obligations;

- facilitate the issuance of foreign currency Issuer Funding Obligations;

- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;

- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or

- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that (i) the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect, and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this confidential shelf offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this confidential shelf offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture.

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any Specified Creditor (but with prior notice to each Rating Agency and the Province of Ontario) in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the Specified Creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section ("*— Amendments not Requiring Consent of Specified Creditors*"), with prior notice to each Rating Agency and the Province of Ontario, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by that amendment, supplement or other modification by Ordinary Resolution, and satisfaction of the Rating Agency Condition. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

- a change in an Interest Payment Date, Principal Payment Date or Principal Payment Default Date for any Issuer Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon its acceleration;

- a reduction in the percentage in outstanding principal amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- a change in the city or political subdivision so designated with respect to any Class, Series or Tranche of Notes where any principal of, or interest on, any Note is payable; or

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all Specified Creditors received by it in its capacity as Note registrar and those which it has received from the Issuer in accordance with the Master Trust Indenture. Three or more Debtholders of any Series or Tranche, each of whom has owned an Issuer Funding Obligation of such Series or Tranche for at least six months, may, by application to the Indenture Trustee in the prescribed form, obtain access to the current list of Debtholders held by the Indenture Trustee for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or under the applicable Program Agreement.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Master Trust Indenture provides for meetings of Debtholders of any Class, Series or Tranche of Issuer Funding Obligations, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"). The Indenture Trustee will call a meeting of a Debtholder Group upon request of the Issuer or Debtholders of at least 25% in aggregate outstanding principal amount of the applicable Issuer Funding Obligations. If the Indenture Trustee fails to convene, or cause to be convened, such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of a Debtholder Group at any time for any purpose. The quorum for any meeting is one or more persons holding (personally or as proxies) not less than 25% of the outstanding principal amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of applicable Issuer Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes (an "**Ordinary Resolution**"). Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of Controlling Class Creditors holding not less than 66⅔% of the outstanding principal amount of all Controlling Class Obligations (an "**Extraordinary Resolution**"). Such matters include:

- after the security has become enforceable, authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

- after the security has become enforceable, sanctioning the selling of the Collateral or any part thereof or interest therein;

- after the security has become enforceable, authorizing the Indenture Trustee or any other person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided;

- authorizing the Indenture Trustee, for and on behalf of all Debtholders, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide; and

- appointing a committee to exercise, on behalf of all Controlling Class Creditors, any powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution (as specified in the Extraordinary Resolution appointing such committee).

Any resolution or instrument signed by the requisite number of Debtholders or Controlling Class Creditors, as applicable, shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders or Controlling Class Creditors.

Any action or vote taken at a meeting (including by way of written instrument) of Debtholders of a Debtholder Group duly held in accordance with the Master Trust Indenture will be binding on all Debtholders of that Debtholder Group. An Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors.

In determining whether Noteholders of the requisite principal amount have taken any action under the Master Trust Indenture, (i) Senior Notes owned by the Issuer, the Manager or any affiliate of either of them, and (ii) any Class of Notes (or portion thereof) in which the Province of Ontario has an interest will, in each case, be disregarded and deemed not to be outstanding at any time that a Specified Creditor other than the Province of Ontario has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Senior Notes (or, in the case of the Province of Ontario, any Notes) which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them, or with respect to which the Province of Ontario has an interest pursuant to the Change of Law Protection Agreement, will be so disregarded.

Whenever an action may be taken by Debtholders of a specified percentage of outstanding principal amount of Issuer Funding Obligations and at such time there are outstanding Issuer Funding Obligations of any relevant Series denominated in a foreign currency, then the principal amount of the Issuer Funding Obligations of such Series which will be deemed to be outstanding for purposes of taking such action will be the amount of Canadian dollars which could be obtained for such principal amount at the market exchange rate on the applicable date.

Events of Default

General

Each of the following events is an "**Event of Default**":

(a) the Issuer's failure, for a period of 5 days, to pay interest on any Controlling Class Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal of any Controlling Class Obligations at the Principal Payment Default Date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 60 days after the Indenture Trustee or Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer requesting remedy of that default and stating that as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) certain events of bankruptcy or insolvency of the Issuer, or the Issuer fails to maintain its existence or status as a Financing Entity;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province of Ontario, or the validity thereof, or the applicability thereof to the Province of Ontario or any Controlling Class Obligations is disaffirmed by the Province of Ontario;

(g) an Acceleration Event has occurred and Controlling Class Creditors holding at least 25% of the outstanding principal amount of all Controlling Class Obligations have provided written notice to the Issuer and the Indenture Trustee specifying the default;

(h) the Issuer's default in the performance of its covenant to deliver payment instructions for a period of three days after the Indenture Trustee has provided written notice thereof;

(i) at any time, the amounts withdrawn from the Program Cash Reserve Account prior to such time exceed the aggregate of (x) 0.50% of the largest outstanding principal amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations on or prior to such time, (y) the sum of all amounts deposited to the Program Cash Reserve Account, and (z) all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Program Cash Reserve Account; or

(j) a Servicer Default occurs.

If Controlling Class Obligations constituting 25% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the thresholds required in clauses (c), (d) or (g) will be deemed to have been met.

Waiver of Default

Subject to the summary provided for below under "*— Acceleration and Remedies — General*", Controlling Class Creditors may, by Ordinary Resolution, waive any past Default under the Master Trust Indenture so long as the Rating Agency Condition in respect of each Series or Tranche of Controlling Class Obligations has been satisfied.

Acceleration and Remedies

General

If an Event of Default (other than an Event of Default described in paragraph (e) or (f)) occurs and is continuing, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the outstanding principal amount of all Controlling Class Obligations (treated as one class) may declare the outstanding principal amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) to be immediately due and payable. If Controlling Class Obligations constituting 50% or more of the outstanding principal amount of all Controlling Class Obligations have been accelerated in accordance with their Funding Obligation Agreements, the 50% threshold required will be deemed to have been met. The occurrence of an Event of Default described in paragraph (e) or (f) results in an automatic acceleration of all Issuer Funding Obligations (other than Derivative Funding Obligations).

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived.

If Controlling Class Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of the Clean Energy Adjustment in accordance with the FHPA, (ii) take possession of the Collateral, (iii) appoint a receiver with respect to the Collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture at the request or direction of any Controlling Class Creditors unless Controlling Class Creditors offer the Indenture Trustee a reasonable indemnity.

See *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset" and "Risk Factors — Insolvency-Related Risks Relating to the Issuer"*.

Limitation on Available Amounts on Acceleration

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Senior Notes) becomes due and payable after the Moratorium Period and before its scheduled payment date, maturity date or redemption date, then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment for a period will be determined without regard to the fact that such amount has become due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*. However, upon such acceleration, all accelerated Senior Notes will be repaid in full before any further payments of principal are made to holders of subordinated indebtedness, including the subordinated debt held by OPG; therefore, collections of the Clean Energy Adjustment that would otherwise have been available to repay the principal amount of subordinated indebtedness in the absence of

acceleration of the Senior Notes will instead be applied to repay accelerated Senior Notes. See "*Capital Markets Platform*".[52]

Payment Waterfall Upon Acceleration

After acceleration of the Issuer Funding Obligations (other than derivative agreements), any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to the payment or remittance of taxes for which a governmental authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) second, to pay fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee;

(c) third, *pari passu* (i) to pay interest, fees and other amounts (other than principal) owing in respect of Senior Funding Obligations and (ii) to pay all Derivative Funding Obligations (other than termination payments);

(d) fourth, to pay interest, fees and other amounts (other than principal) owing in respect of Subordinated Funding Obligations;

(e) fifth, to pay interest, fees and other amounts (other than principal) owing in respect of Junior Subordinated Funding Obligations;

(f) sixth, to pay principal owing in respect of Warehouse Obligations;

(g) seventh, *pari passu* (A) to pay principal owing in respect of Senior Funding Obligations (other than Warehouse Obligations) and (B) to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is not the defaulting party or the sole affected party;

(h) eighth, to pay fees, expenses and reimbursement amounts owing to the Manager;

(i) ninth, to pay principal owing in respect of Subordinated Funding Obligations;

(j) tenth, to pay principal owing in respect of Junior Subordinated Funding Obligations;

(k) eleventh, to pay termination payments owing to Derivative Counterparties where the Derivative Counterparty is the defaulting party or the sole affected party;

(l) twelfth, to pay all indemnity amounts owing to the Manager;

(m) thirteenth, *pari passu* (i) to the payment or remittance of taxes not previously paid pursuant to paragraph (a), and (ii) to pay all amounts owing to Specified Creditors not specifically referred to above; in each case, including, for each referenced party, any amounts payable to their respective affiliates under the terms of any relevant indemnity; and

(n) fourteenth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in a Series Account will first be used to satisfy all obligations owing to the Debtholders or Derivative Counterparties for whom such Series Account was established. Thereafter, such amounts

[52] **Note:** Please consider tracking the specific terms of section 6.1 of the General Regulation, and add detailed descriptions to correspond to the limitation on cashflows during acceleration in the applicable detailed portions of the OM and Risk Factors.

will be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account will only be used to satisfy the obligations for which those amounts were deposited.

Rights of Specified Creditors

No Specified Creditor will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture. A Controlling Class Creditor may exercise such rights if:

(a) the Issuer or a Controlling Class Creditor has previously given to the Indenture Trustee written notice of a continuing Event of Default;

(b) Controlling Class Creditors, by Ordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Controlling Class Creditors have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Controlling Class Creditors, by Ordinary Resolution, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Controlling Class Creditors not taking part such direction. See "*— Debtholder Approvals and Meetings — Debtholder Meetings*" for a description of certain powers which may only be exercised by Extraordinary Resolution. Specified Creditors (other than Debtholders) do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors (other than Debtholders) will only have the right to receive proceeds following an Event of Default.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Issuer Funding Obligations or any other amount payable to any Specified Creditor is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the Collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any unit in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Issuer Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

No Petition

Each Specified Creditor, by accepting its rights as a beneficiary under the Master Trust Indenture, agrees that until one year and one day following repayment in full of all Issuer Funding Obligations, it will not commence (or join in commencing) a bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

Force Majeure

The Indenture Trustee and the Issuer Trustee will not be responsible or liable for any failure or delay in the performance of their obligations under the Master Trust Indenture arising out of or caused by, directly or indirectly, forces beyond their control, including loss or malfunctions of utilities, communications or computer services.

Satisfaction and Discharge

The Master Trust Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations when:

(a) (x) in the case of Notes, all Notes of that Class, Series or Tranche which had been outstanding, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation or been cancelled, or (y) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer;

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that Class, Series or Tranche of Issuer Funding Obligations; and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge with respect to that Class, Series or Tranche of Issuer Funding Obligations have been complied with.

The Master Trust Indenture will cease to be of further effect when all Issuer Funding Obligations have been satisfied and discharged in accordance with the previous paragraph and all other Obligations Secured have been paid in full, as certified by the Issuer.

DESCRIPTION OF NOTES

The following description of the Senior Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Senior Notes" section will apply to each Senior Note unless otherwise specified in the Term Sheet applicable to such Offering. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular Series or Tranche of Senior Notes.

General

The Senior Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "*Capital Markets Platform*". The specific terms and conditions of each Series of Senior Notes will be set forth in the Supplemental Indenture authorizing that Series and the specific terms and conditions of any Tranche of Senior Notes will be set forth in the Supplemental Indenture or the Terms Document authorizing that Tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Senior Notes. See "*Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations*". The Senior Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See "*Capital Markets Platform — Security*".

The Supplemental Indenture or Terms Document will describe the following terms of the Senior Notes:

- the Series designation;
- stated principal amount of the Senior Notes;
- whether such Senior Notes are of a particular Tranche of Senior Notes;

- the currency or currencies in which such Senior Notes will be denominated and in which payments of principal of, and interest on, such Senior Notes will or may be payable;

- the price at which such Series or Tranche of Senior Notes will be issued;

- the times at which such Series or Tranche of Senior Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

- the rate per annum at which such Series or Tranche of Senior Notes will bear interest, if any, or the formula or index on which such rate will be determined;

- each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Senior Notes;

- the Principal Accumulation Date(s) and Principal Accumulation Amount(s) for such Series of Senior Notes;

- the initial principal amount of such Senior Notes, and the means for calculating the outstanding principal amount of such Series or Tranche of Senior Notes;

- whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

- any events of default with respect to such Series or Tranche of Senior Notes;

- if such Series or Tranche of Senior Notes will be issued in whole or in part in the form of a global note, the terms and conditions, if any, upon which such global note may be exchanged for other individual Senior Notes, and the depository for such global note;

- if such Class, Series or Tranche of Senior Notes will be issued in whole or in part in registered form, bearer form or both, and if such Senior Notes will be issued with or without coupons;

- if such Class, Series or Tranche will have the benefit of a credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;

- the record date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Senior Notes, if different from the last of the month before the related Interest Payment Date or Principal Payment Date; and

- whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes.

Limitations

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*.

Payments of Principal and Interest

Interest will accrue on the principal balance of each Series or Tranche of Senior Note at the interest rate specified in the related Term Sheet and will be payable on the Interest Payment Date(s) specified in the related Term

Sheet. Principal of each Series or Tranche of Senior Notes will be payable in the amounts and on the Principal Payment Date(s) specified in the related Term Sheet. The Term Sheet applicable to a Series or Tranche of Senior Notes will also set out the Principal Payment Default Date for such Senior Notes, which is the date on which failure to pay the principal amount of such Senior Notes will result in an Event of Default.

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Interest Accumulation Account the aggregate amount of interest that has accrued on each Series of Senior Notes (together with all other amounts to be accrued for other Issuer Funding Obligations). On each Interest Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes interest then due on such Senior Notes using amounts available therefor from the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*".

On each Payment Date, the Issuer will, to the extent funds are available therefor from the Collection Account (see "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account*"), transfer to the Principal Accumulation Account the aggregate of the amounts the Issuer is required to accumulate for each Series of Senior Notes (together with all other amounts to be accumulated for other Issuer Funding Obligations). The Term Sheet applicable to a Series or Tranche of Senior Notes will set out the Principal Accumulation Amount(s) and the Principal Accumulation Date(s) for such Senior Notes. On each Principal Payment Date for a Series or Tranche of Senior Notes, the Paying Agent will pay to the holders of such Senior Notes the principal then due on such Senior Notes using amounts available therefor from the Principal Accumulation Account, the Program Cash Reserve Account and the Protection Account. See "*Change of Law Protection Agreement*" and "*Capital Markets Platform — Payment Waterfalls Prior to Acceleration*". Holders of Senior Notes may receive principal payments earlier than a Principal Payment Date if an optional redemption occurs and may receive principal payments later than a Principal Payment Date if there are insufficient Available Collections. See "*Risk Factors*" for a discussion of factors that may affect the timing of principal payments on a Series or Tranche of Senior Notes. It is not an Event of Default if the stated principal amount of a Series or Tranche of Senior Notes is not paid in full on a Principal Payment Date. If the stated principal amount of a Senior Note is not paid in full by its Principal Payment Default Date, an Event of Default will occur. See "*Capital Markets Platform — Events of Default*".

Unless otherwise specified in a Term Sheet, the Issuer has designated the Indenture Trustee as its Paying Agent for all Senior Notes having a place of payment in Toronto, Ontario.

Optional Redemption of Senior Notes

If a Supplemental Indenture for any Series or Tranche of Senior Notes states that such Senior Notes will be redeemable, in whole at any time or in part from time to time, such Senior Notes will be redeemable at the option of the Issuer at the redemption price specified in the Supplemental Indenture. If less than all the Senior Notes of any Series or Tranche are to be redeemed at one time, the Senior Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

Notice of any redemption will be delivered to each holder of the Senior Notes to be redeemed, electronically or by mail (postage prepaid) at the address of such holder appearing in the Note register (or published in an authorized newspaper in the case of Senior Notes held in bearer form) or otherwise in accordance with the procedures of the depository, at least 15 days but not more than 30 days before the redemption date, except that redemption notices may be delivered more than 30 days prior to the redemption date if the notice is issued in connection with a satisfaction and discharge of the Master Trust Indenture with respect to such Series or Tranche of Senior Notes. The notice of redemption will state (i) the portion of the principal amount thereof to be redeemed (provided that no Senior Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), (ii) the redemption date and (iii) the redemption price. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions of the Senior Notes called for redemption. A replacement note in principal amount equal to the

unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note; provided, however, that, in the case of a global note, an appropriate notation may instead be made on such note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

The Term Sheet for each Offering will identify the redemption provisions of the applicable Notes at the time of such Offering.

Purchase for Cancellation

The Issuer may purchase or otherwise acquire, at any time or from time to time, all or any of the outstanding Senior Notes of any Series or Tranche in the market or by invitation for tenders or by private contract at such prices as it may determine in its sole discretion. All such Senior Notes purchased by the Issuer will be cancelled. If, upon a tender, more Senior Notes of a Series or Tranche are tendered at the same lowest price than the Issuer is prepared to accept, the Senior Notes of such Series or Tranche to be purchased will be selected by the Indenture Trustee on a pro rata basis according to the principal amount of such Senior Notes registered in the name of each holder thereof, or in such other manner as the Indenture Trustee may consider equitable.

DEPOSITORY SERVICES

Except as otherwise provided below, the Senior Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Senior Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Senior Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Senior Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Senior Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Senior Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Senior Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Senior Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Senior Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Senior Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Senior Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines the Senior Notes in book-entry only form should be exchanged for definitive certificates and the Issuer delivers a written notice to such effect to the Indenture Trustee; (iv) an Event of Default has occurred and Noteholders holding more than 50% of the Controlling Class Obligations of any Series of Senior Notes determine such book-entry system is no longer in the best interests of the holders of that Series; or (v) the book-entry system is terminated, then certificates representing the Senior Notes will be issued to the beneficial owners of Senior Notes.

Interest on the Senior Notes will be paid directly to CDS while the book-entry only system is in effect. If definitive certificates are issued, interest will be paid by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a cheque to each such holder's registered address. Payment of principal, and the interest due, at maturity, will be paid directly to CDS while the

book-entry only system is in effect. If definitive certificates are issued, payment of principal, and interest due, at maturity, will be paid upon surrender thereof at any office of the Trustee or as otherwise specified in the Indenture.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Senior Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of such Senior Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Senior Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Senior Notes, to the extent the Issuer makes such series of Senior Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Senior Notes, holders may hold such series of Senior Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Senior Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Senior Notes on its behalf by delivering Senior Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Senior Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Senior Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Senior Notes and will also set forth the terms of the Offering of Senior Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Senior Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer, OPG and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee by the Issuer for their services rendered to the Issuer in connection with the offering, issue and sale of the Senior Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price

of the Senior Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Senior Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Senior Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Senior Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Senior Notes in the United States. The Senior Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Senior Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Senior Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Senior Notes as part of the distribution of the Senior Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

An investment in Senior Notes involves certain risks. Prospective investors in the Senior Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Senior Notes. This section does not describe all risks applicable to the Issuer and is intended only as a summary of certain material risks. In addition, prospective investors should consult their own financial and other legal and tax advisors, and should carefully consider, among other matters, the following discussion of risks before deciding whether to purchase Senior Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Senior Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit was successful, and an invalidation of any relevant underlying legislative or regulatory provision were to result that did not constitute a Protection Event under the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes. Even if the successful lawsuit constitutes a Protection Event, under the terms of the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any

Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee).

Future legislative action to change the FHPA, the Regulations, the Change of Law Protection Agreement or the electricity market might materially adversely affect a holder's investment in the Senior Notes.

The FHPA provides that no act or omission of the Crown shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or repealed. Therefore, the only way for such provisions of the FHPA to be amended or repealed would be through a subsequent legislative action by the Province of Ontario. A determination by the Province of Ontario that, for political or other reasons, the FHPA or the Regulations should no longer be law in Ontario or that the FHPA or Regulations should be amended to limit or delay the recovery of Clean Energy Adjustments, could result in a decision to make such an amendment, repeal or revocation. Any such action that adversely affects the ability of the Issuer to receive amounts in respect of the Investment Interest so that it can pay Approved Obligations when due and payable (determined after taking into account certain factors described above in the definition of "Protection Event") would be subject to the Change of Law Protection Agreement. Under the Change of Law Protection Agreement, the Province of Ontario is not obligated to pay or indemnify the Indenture Trustee or any Specified Creditor for consequential, special or punitive damages, or for economic loss or loss of profits (provided that economic loss does not include any amount in respect of an amount due and payable to a Specified Creditor under the Limited Guarantee). See "*Change of Law Protection Agreement*". However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA or the Regulations referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Senior Notes may lose some or all of their investment in the Senior Notes or experience significant delays in recovering their investment in the Senior Notes.

Future judicial action could reduce the value of a holder's investment in the Senior Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Senior Notes payable from an interest in an asset that depends on legislation for its existence because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Senior Notes' investment in the Senior Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available.[53] Nothing in the Change of Law Protection Agreement or the Program Agreements affects the rights, protections and immunities of the Crown under the *Proceedings Against the Crown Act* (Ontario). As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy

[53] **Note:** Consider mentioning that section 21 of the *Proceedings Against the Crown Act* (Ontario) prohibits execution, attachment and process against the Province.

against the Province of Ontario is limited and holders of Senior Notes may lose some or all of their investments in the Senior Notes or experience significant delays in recovering their investments.[54]

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Senior Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors, which includes the amounts receivable by the IESO from Electricity Vendors with respect to the global adjustment charge, as security for the performance of its regulatory obligation to pay the Issuer's Carrying Costs. The IESO also has a $2 billion unsecured credit facility agreement with the Ontario Financing Authority, expiring ■, 20■, which is permitted to be used to pay the Issuer's Carrying Costs. ***[NTD: IESO credit facility description to be confirmed.]***[55] There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Senior Notes or to pay the Issuer's other Carrying Costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Senior Notes or the Issuer's other Carrying Costs and a holder of Senior Notes may suffer material payment delay on the Senior Notes during the Moratorium Period.

The Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is not possible to predict how long payments of Carrying Costs by the IESO or enforcement of any letter of credit or performance guarantee provided by the IESO could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer, whether or not the Issuer votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer with respect to the payment of Carrying Costs or enforcement of any security provided by the IESO under the Master Transfer and Servicing Agreement.

[54] **Note:** Consider mentioning, as a mitigant, that section 22 of the *Proceedings Against the Crown Act* (Ontario), which states that "the Minister of Finance shall pay out of the Consolidated Revenue Fund the amount payable by the Crown, (a) under an order of a court that is final and not subject to appeal; (b) under a settlement of a proceeding in a court…".

[55] **Note:** Is there any other information to be added apart from the expiry date?

A holder of Senior Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Senior Notes may suffer material payment delays on the Senior Notes if the collateral securing the Senior Notes is insufficient to pay the accrued interest on and the principal amount of those Senior Notes in full. During the Moratorium Period, a holder of Senior Notes must rely for payment of interest on the Senior Notes, and the Issuer must rely for payment of all of its other Carrying Costs, solely upon the IESO who is obligated under the Regulations to pay these Carrying Costs. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Senior Notes will be the collateral. The collateral for the Senior Notes will include:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and the Regulations.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity, except pursuant to the Limited Guarantee provided by the Province of Ontario upon the occurrence of a Protection Event and delivery by the Indenture Trustee to the Province of Ontario of a written payment demand. See *"Change of Law Protection Agreement"*. The Senior Notes will be limited recourse obligations, secured only by the collateral. See "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*". Delays in payment on the Senior Notes might result in a reduction in the market value of the Senior Notes and, therefore, the value of a holder's investment in the Senior Notes.

The Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Senior Notes are not a debt, liability or other obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities.

A holder of Senior Notes must rely for payment of principal of and interest on the Senior Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various agreements described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The Clean Energy Adjustment may not be billed after April 30, 2047, unless further regulations to extend that date are passed.

The Clean Energy Adjustment may not be billed to Specified Consumers after April 30, 2047, unless further regulations to extend that date are passed. If Clean Energy Adjustment amounts billed through this period are not sufficient to repay the Senior Notes in full and further regulations to extend this date are not passed, apart from amounts in the capital accounts, if any, no other funds will be available to pay the unpaid balance due on the Senior Notes.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Senior Notes might not be practical and acceleration of the Senior Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Senior Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Senior Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Senior Notes will be due and payable upon acceleration of the Senior Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Senior Notes prior to maturity will result in

principal of the Senior Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of principal payments to creditors of the Issuer will result in all accelerated Senior Notes being repaid in full before any further payments of principal are made to holders of subordinated indebtedness of the Issuer. In the event of an acceleration, holders of Senior Notes may be paid sooner or later than originally expected.

The Issuer may issue multiple Series of Senior Notes secured by the Investment Interest and some decisions affecting holders of Senior Notes may require the approval of all Series.

The Issuer may issue multiple Series of Senior Notes all of which will be secured by the collateral securing the Senior Notes. The Issuer may not issue additional Series of Senior Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*. If additional Series of Senior Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Senior Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Senior Notes. Any issuance of additional Series of Senior Notes by the Issuer could cause reductions or delays in payment on the Senior Notes. In addition, some matters relating to the Senior Notes issued by the Issuer may require the vote of the holders of all Series of Senior Notes. The interests of holders of a particular Series of Senior Notes in these votes might conflict with the interests of the holders of another Series of Senior Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Senior Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. If any such Event of Default has occurred and is continuing, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Senior Notes to have their own acceleration events such that those individual Series of Senior Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. In certain cases, a declaration of acceleration or an automatic acceleration may also be rescinded by Extraordinary Resolution if (i) the Issuer has paid all overdue interest, principal that has become due (other than by reason of acceleration) on Controlling Class Obligations and other amounts set out in the Master Trust Indenture, and (ii) all Events of Default (other than non-payment of principal) have been cured or waived. See *"Capital Markets Platform — Acceleration and Remedies — General"*.

If a Series of Senior Notes or all Senior Notes are accelerated, a holder of Senior Notes might receive payment of principal sooner or later than expected.

Under certain circumstances it is possible that all outstanding Senior Notes will be accelerated as a Class or that certain Series of Senior Notes will be accelerated while other Series of Senior Notes will not be accelerated. See *"Capital Markets Platform – Acceleration and Remedies"*. The possibility of certain Series of Senior Notes accelerating while other Series of Senior Notes do not accelerate would arise if (i) an Event of Default occurs but Noteholders holding at least 50% of all outstanding Senior Notes do not approve the acceleration of all outstanding Senior Notes, and (ii) holders of Senior Notes of a particular Series approve the acceleration of the Senior Notes of that Series by the requisite majority of holders of that Series as set out in the applicable supplemental indenture for that Series.

If all Senior Notes are accelerated the application of available funds will be as described under *"Capital Markets Platform – Acceleration and Remedies"* for all Senior Notes. It is possible that holders of 50% or more of the outstanding principal balance of all Senior Notes will approve the acceleration of all Senior Notes even if holders of a particular Series of Senior Notes do not vote in favour of the acceleration of the Senior Notes of that Series.

If only certain Series of Senior Notes are accelerated, then the outstanding principal balance of those Series of Senior Notes will become immediately due and payable but the payment due dates of those Series of Senior Notes that have not been accelerated will not change. In this case, the application of available funds will continue as described under *"Capital Markets Platform -- Payment Waterfalls Prior to Acceleration"*.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of subordinated indebtedness will be applied to repay principal of the accelerated Senior Notes. This could result in a holder of Senior Notes that have been accelerated receiving payment of principal sooner than expected. If a Series of Senior Notes has not been accelerated, the payment of principal on such Senior Notes should not occur earlier than expected as the payment due dates for such Senior Notes will not have been accelerated.

Where all Series of Senior Notes or only certain Series of Senior Notes are accelerated, available funds that would otherwise be used to pay the principal amount of the Senior Notes in accordance with the original repayment schedules of such Senior Notes may be applied to repay principal of the accelerated Senior Notes *pari passu* with the principal due on all outstanding Senior Notes (subject to the payment priority given to Warehouse Funding Obligations). If accelerated Senior Notes were not expected to be repaid before a particular Series of Senior Notes at the time the accelerated Senior Notes were issued, the acceleration of such Senior Notes could result in the holder of a particular Series of Senior Notes receiving payment of principal later than expected.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Senior Notes.[56]

[56] **Note:** Consider explaining under this risk factor that the Investment Asset is a bundle of rights and interests held collectively by all investment interest owners.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Senior Notes might receive payment of principal of and interest on the Senior Notes later than expected.

Funds held in the Issuer Accounts will be invested in Eligible Investments. Eligible Investments include, among other categories, money market funds having a rating in the highest investment category from each applicable Rating Agency. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Senior Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Senior Notes.

Servicing, Operating and Consumer Risks

Payments on the Senior Notes depend on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Senior Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of the IESO and Electricity Vendors. There can be no assurances that the new duties and obligations of the IESO and the Electricity Vendors will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Senior Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Senior Notes or satisfaction of the Rating Agency Condition.

Payments on the Senior Notes depend on the performance of OPG as Financial Services Manager and as Manager of the Issuer.

The FHPA, the Regulations and the Program Agreements impose new duties and obligations of OPG, as Financial Services Manager and as Manager of the Issuer. There can be no assurances that the new duties and obligations of OPG will be assumed and implemented without difficulty and in accordance with the provisions of the FHPA, the Regulations and the Program Agreements. If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to

the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce or delay scheduled payments on the Senior Notes.

Clean Energy Adjustment amounts will be calculated in part based upon a forecast of Specified Consumer usage to be newly developed by the IESO[, adjusted for expected billing lags and charge-offs] [including the effect of delinquencies and write-offs] ***[Confirm whether the IESO forecast takes into account items noted in square brackets.]***. Under the Regulations, the IESO is required to provide to the OEB forecast information regarding electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers.[57] If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest on the Senior Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electricity consumption efficiency; differences or changes in forecasting methodology; or Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations require exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to Specified Consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Senior Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in the FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

[57] **Note:** Please confirm.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, Electricity Vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment.[58] The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Senior Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Senior Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Senior Notes and other creditors, only in specified circumstances.

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Senior Notes to recover all of their investment in the Senior Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Senior Notes, the ratings on the Senior Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Senior Notes will be unsecured creditors of OPG or the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Senior Notes, or for any consequential damages, including any loss of market value of the Senior Notes resulting from a default or a downgrade of the ratings of the Senior Notes.

Delinquent or partial payments of electricity bills may make payments on the Senior Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled payments on the Senior Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Senior Notes.

Power outages could impair payment of the Senior Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power

[58] **Note:** Please confirm source/ conform to wording in FHPA.

lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological changes that make alternative energy sources more attractive in the future or significant population fluctuations may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amounts under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment.

Unexpected significant population decreases in the Province of Ontario or Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario may adversely affect the amount of the Clean Energy Adjustment to be invoiced, collected and recovered from Specified Consumers. The decrease in the population of the Province of Ontario may result in fewer Specified Consumers from whom to collect the Clean Energy Adjustment. The increased impact on the remaining Specified Consumers could lead to increased potential consumer defaults and delays, billing lags and write-offs or variations in billing due to variations in electricity consumption.

Insolvency-Related Risks

If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed.

Trusts such as the Issuer ordinarily cannot seek protection under the principal Canadian Insolvency and Restructuring Laws (other than a receivership). However, in view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, the courts' inherent jurisdiction and otherwise, it is not possible to state with certainty that the Issuer could not become subject to Canadian Insolvency and Restructuring Laws. If the Issuer were to become subject to Canadian Insolvency and Restructuring Laws, the Indenture Trustee's ability to enforce security granted by the Issuer may be significantly impaired or delayed. It is not possible to predict how long payments under the Senior Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the Issuer or whether or when the Indenture Trustee would be able to enforce upon or dispose of the assets over which it holds a security interest. Canadian Insolvency and Restructuring Laws also contemplate the granting of super priority security interests or charges (which could be in priority to the security of existing secured creditors) on the assets of the debtor company to secure the repayment of any amounts to be borrowed to facilitate the insolvency proceeding, any amounts owing for the fees and costs of professionals involved in the insolvency proceeding, obligations of directors of the company with respect to their statutory liabilities and sometimes other amounts.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Indenture Trustee and the Noteholders, whether or not the Indenture Trustee or any holders of Senior

Notes votes in favour of the restructuring proposal or plan of arrangement or reorganization. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Indenture Trustee and the holders of Senior Notes under the Master Trust Indenture or in respect of the collateral.

If the IESO were to become subject to Canadian Insolvency and Restructuring Laws, the transfers between the IESO and the Issuer pursuant to the Master Transfer and Servicing Agreement may not be respected as true sales of the Investment Interest.

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Senior Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity under the FHPA, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of the Regulatory Asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the Regulatory Asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Senior Notes.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If the IESO or any Electricity Vendor were to become subject to Canadian Insolvency and Restructuring Laws, collections that have been commingled may be unrecoverable and the Issuer's ability to enforce its rights against the IESO may be significantly impaired or delayed.

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If the IESO or any Electricity Vendor fails to hold collections in a segregated account, then to the extent that funds are commingled and used for the benefit of the IESO or such Electricity Vendor prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of the IESO or the Electricity Vendor, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented.

These risks are in addition to the insolvency risks of the IESO noted above under "*Risks Associated with the Unusual Nature of the Investment Asset*".

If OPG were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to enforce its rights against the Manager may be significantly impaired or delayed and the Issuer's assets and liabilities may be substantively consolidated with those of OPG.

Section 53.1 of the *Electricity Act, 1998* (Ontario), as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form

part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that OPG becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998* (Ontario), as amended by the *Fair Hydro Act, 2017*,[59] in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration or other proceeding under Canadian Insolvency and Restructuring Laws of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation would result in all creditors of OPG and the Issuer being paid out of a common pool of assets, with no distinction as to which assets are property of OPG and which assets are property of the Issuer, and could cause payment of the claims of the beneficial owners of the Senior Notes to be subject to substantial delay and to adjustment in timing and amount.

If the Issuer Trustee were to become subject to Canadian Insolvency and Restructuring Laws, the assets and liabilities of the Issuer may be substantively consolidated with the Issuer Trustee.

In the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

If a Specified Consumer were to become subject to Canadian Insolvency and Restructuring Laws, the Issuer's ability to collect Clean Energy Adjustment amounts from such Specified Consumer may be adversely affected.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments due for the period prior to the insolvency. Federal bankruptcy laws would generally discharge bankrupt Specified Consumers who are individuals of their obligation to pay Clean Energy Adjustment amounts due for the period prior to the individual being discharged from bankruptcy.

If amounts in the Issuer Accounts for any Series are invested with entities that become subject to insolvency proceedings, the Issuer's ability to make payments to holders of Senior Notes may be adversely affected.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Indenture Trustee to enforce its rights in respect of any such Eligible Investment and the ability of the Issuer to make payments to holders of Senior Notes in a timely manner may be adversely affected. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See *"Rating Agency Condition"*.

[59] The *Fair Hydro Act, 2017* (Ontario), which provided in Schedule 1 the *Ontario Fair Hydro Plan Act, 2017*, amends two other statutes: the *Electricity Act, 1998* (see section 43) and the *Ontario Energy Board Act, 1998* (see section 44).

Other Risks

The credit ratings are not an indication of the expected rate of payment of principal on the Senior Notes.

The Senior Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Senior Notes later than expected, which might materially reduce the value of a holder's investment in the Senior Notes.

If the ratings on the Senior Notes are withdrawn or revised downward, the value of a holder's investment in the Senior Notes may be adversely affected.

There is no assurance that any credit rating will remain in effect for any given period of time. The ratings on the Senior Notes may be withdrawn or revised downward at any time without notice, which may have an adverse effect on the market price of the Senior Notes. A rating is not a recommendation to buy, sell or hold the Senior Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Senior Notes at its final principal payment date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Ratings on the Senior Notes may be lowered, qualified or withdrawn at any time without notice.

The credit ratings of the IESO, OPG and the Province of Ontario might affect the market value of the Senior Notes.

The Senior Notes will not be insured or guaranteed by the Province of Ontario, IESO, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Senior Notes following the occurrence of certain events. See *"Change of Law Protection Agreement"*. Although neither the IESO nor OPG are obligors in respect of the Senior Notes, a downgrading of the current credit ratings of the IESO, OPG or the Province of Ontario might have an adverse effect on the market value of the Senior Notes, particularly, with respect to the IESO, during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

The absence of an established market for the Senior Notes might limit the ability to resell or refinance the Senior Notes.

There is no public market for the Senior Notes, and the Issuer does not intend to apply for a listing of the Senior Notes on any stock exchange. There can be no assurance as to the liquidity of the trading market for the Senior Notes or that a trading market for the Senior Notes will develop.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Senior Notes with liquidity for their investment or that it will continue for the term of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date of the Senior Notes.

If an active market does develop for the Senior Notes, the market price on the Senior Notes will depend on many factors including, but not limited to, (i) the Issuer's credit rating and the credit rating of the Senior Notes; (ii) the prevailing interest rates being paid on similar securities; (iii) the Issuer's financial condition and future prospects; and (iv) the overall condition of the economy and the financial markets. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations could have an adverse effect on the market price of the Senior Notes.

The Financial Services Manager has the ability to determine whether to refinance Senior Notes maturing after May 2024 through the issuance of another Series of Senior Notes. However, there can be no assurance that Senior Notes can be refinanced on or before their applicable Principal Payment Default Date.

Restrictions on resale might limit the ability to resell the Senior Notes.

The Senior Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province of Canada, pursuant to an exemption from the prospectus requirements under applicable securities laws. The Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering of Senior Notes. As a result, the Senior Notes purchased pursuant to this confidential shelf offering memorandum will be subject to restrictions on resale, and may only be resold if a further statutory exemption may be relied upon by the investor or if an appropriate discretionary order or consent is obtained pursuant to applicable securities laws. See "Restrictions on Resale".

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Senior Notes in Canada is being made on a private placement basis. By purchasing Senior Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Senior Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Senior Notes, other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Senior Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Senior Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Senior Notes, the risks relating to an investment in the Senior Notes and of the fact that it may not be able to resell the Senior Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Senior Notes will bear a legend indicating that the resale of such Senior Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the

Senior Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Senior Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Senior Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Senior Notes; and (ii) there is no government or other insurance covering the Senior Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Senior Notes, or refund any part or all of the purchase price of the Senior Notes, or that the Senior Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Senior Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Senior Notes;

(j) none of the funds being used to purchase the Senior Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Senior Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Senior Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Senior Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to

verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Senior Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Senior Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Senior Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Senior Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Senior Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Senior Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Senior Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Senior Notes;

(u) except for any rating reports that may have been issued by the applicable Rating Agencies, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Senior Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Senior Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Senior Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Senior Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Senior Notes.

In addition, each purchaser of Senior Notes, by purchasing Senior Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Senior Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Senior Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Senior Notes, the purchaser also acknowledges that its name and other specified information, including the number of Senior Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Senior Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer, OPG and the Agents referred to under "Plan of Distribution". By purchasing the Senior Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Senior Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Senior Notes in the provinces of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Senior Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Senior Notes to the public in any province of Canada in connection with any Offering.

Furthermore, each purchaser of Senior Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Senior Notes to such purchaser that such purchaser understands that the Senior Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Senior Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

> "EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 — RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED; AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.
>
> IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY."

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Senior Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Senior Notes with liquidity for their investment or that it will continue for the life of such Senior Notes. Accordingly, purchasers of the Senior Notes may be required to bear the financial risk of investing in the Senior Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Senior Notes — Reporting Requirements of Senior Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Senior Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Senior Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Senior Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Senior Notes (or after the date on which initial payment was made for the Senior Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Senior Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Senior Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited

investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Senior Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Senior Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Senior Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Senior Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Senior Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

  (i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

  (iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

    (A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Senior Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Senior Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Senior Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Senior Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Senior Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Senior Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Senior Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Senior Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Senior Notes, and the register for the transfer of Senior Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Senior Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

[NTD: Glossary in progress. For ease of reference, Torys is considering adding an index or replacing glossary with an index for terms that are defined in the body.]

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Acceleration**" means, (a) a portion of the principal amount owing in respect of the Funding Obligation has become due and payable by a Financing Entity before the scheduled payment date, maturity date or redemption date, or (b) a party to a derivative agreement in respect of the Funding Obligation has elected to close-out or terminate the agreement, resulting in an obligation on a Financing Entity to pay a termination amount, close-out amount or similar amount.

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with its Funding Obligation Agreement.

"**Adherence Compliance Certificate**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Adverse Effect**" has the meaning set out under *"Capital Markets Platform — Conditions Precedent to Incurrence of Obligations Secured — Issuer Funding Obligations"*.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Senior Notes as described under *"Plan of Distribution"*.

"**Approved Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Available Collections**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a liquidity agreement, a loan agreement or a credit enhancement agreement.

"**Canadian Insolvency and Restructuring Laws**" has the meaning set out under *"Risk Factors — Risks Associated with the Unusual Nature of the Investment Asset"*.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certified Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Class**" has the meaning set out under *"Capital Markets Platform — Subordination Provisions"*.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* (Ontario) or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**Collection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Collection Account"*.

"**Collection Account Waterfall**" has the meaning set out under *"Capital Markets Platform — Payment Waterfalls Prior to Acceleration — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Controlling Class Creditors**" means the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid

in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by the FHPA.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Counterparty**" means any party to any derivative agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, derivative agreements.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Eligible Deposit Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to,

bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P 1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the *Securities Act* (Ontario) (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the business day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" has the meaning set out under *"Capital Markets Platform — Event of Default"*.

"**Extraordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.[60]

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.[61]

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.[62]

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether potential Funding Obligations should be incurred for the purposes of a Financing Entity acquiring and financing an Investment Interest in accordance with the FHPA or for the purposes of a Refinancing, and includes any amendments thereto.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Obligation Agreement**" means any Note, any Supplemental Indenture (including any Terms Document), any liquidity agreement, any liquidity agreement, any credit enhancement agreement or any derivative agreement.

"**Funding Rebate**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**HOEP**" has the meaning set out under *"The Electricity Industry in Ontario — Electricity Prices"*.

"**IESO**" means the Independent Electricity System Operator.

"**IESO Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — IESO Cash Reserve Account"*.

[60] **Note:** Please consider revising the definition of "Fair Adjustment" if this concept is to be used in the OM. The definition of the "Fair Adjustment" indicates that this term only refers to the rate reduction from July 1, 2017 until April 30, 2018. When the term is then later used in narrative [ex. "…the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment…"] it refers to the electricity rates that result from the entire fair hydro program.

[61] **Note:** Please consider a description of the Fair Allocation Amount that more closely aligns to Section 20(1) of the FHPA.

[62] **Note:** Please consider whether there should be disclosure indicating that the FSM is a statutory role from which OPG may be removed.

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay the Issuer's Carrying Costs pursuant to the Master Transfer and Servicing Agreement.

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by OPG in favour of the Indenture Trustee.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to the Collection Account Waterfall and the payment waterfall applicable to the IESO Cash Reserve Account.

"**Interest Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Interest Accumulation Account"*.

"**Interest Payment Date**" means each business day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in

the related Funding Obligation Agreement.

"**Investment Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer**" means Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.

"**Issuer Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts"*.

"**Issuer Funding Obligation**" means Funding Obligations of the Issuer.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and Borrowings that have been designated as "Junior Subordinated" in the related Funding Obligation Agreement.

"**Junior Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**LDCs**" has the meaning set out under *"The Electricity Industry in Ontario"*.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a liquidity agreement, liquidity agreement or credit enhancement agreement, as applicable.

"**Limited Guarantee**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated as of December 21, 2017 between the Issuer and the IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Master Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer, as issuer, and the Indenture Trustee, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Moratorium Period**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**MW**" means megawatts.[63]

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Non-Investment Grade Rated Electricity Vendor**" has the meaning set out under *"The Transferor and Servicer"*.

"**Note**" means any note of any Class, Series or Tranche created pursuant to a Supplemental Indenture and authenticated and delivered from time to time under the Master Trust Indenture.

"**Noteholders**" means a Person in whose name a Note is registered in the Note register or the bearer of any Note held in bearer form (including a global note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**OEB**" means the Ontario Energy Board.

"**Offering**" means an offering of senior secured notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**Offering Jurisdiction**" means each of the provinces of Canada.

"**OPA**" means Ontario Power Authority.

"**OPG**" means Ontario Power Generation Inc.

"**Ordinary Resolution**" has the meaning set out under *"Capital Markets Platform — Debtholder Approvals and Meetings — Debtholder Meetings"*.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer.

"**Payment Date**" means the 15th day of each calendar month.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

[63] **Note:** Definition not used.

"**Post-Suspension Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Pre-Approved Refinancing**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Predecessor IESO**" has the meaning set out under *"The Electricity Industry in Ontario — The IESO"*.

"**Primary Obligation**" has the meaning set out under *"Change of Law Protection Agreement — Approved Obligations & Adherence Conditions"*.

"**Principal Accumulation Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Principal Accumulation Account"*.

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the related Funding Obligation Agreement plus any amounts specified in the related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a refinancing notice in respect of such Series, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such refinancing notice.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each business day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each transfer notice delivered under the Master Transfer and Servicing Agreement, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, underwriting agreements, agency agreements or note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Program Cash Reserve Account"*.

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts —*

Program Accounts — Protection Account".

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement — Protection Event"*.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Readjustment amount**" has the meaning ascribed to the term "readjustment amount" in the FHPA and Regulations.

"**Reference Period**" means:

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the FHPA.

"**Refinancing Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Program Accounts — Refinancing Account"*.

"**Regulated Price Plan**" or "**RPP**" has the meaning set out under "*The Electricity Industry in Ontario — Electricity Prices*.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Senior Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts in respect of all Subordinated Funding Obligations for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Securities Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Securities Account"*.

"**Senior Funding Obligation**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Senior" in the related Funding Obligation Agreement.

"**Senior Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Senior Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Series**" means, with respect to any Class of Issuer Funding Obligations, the Series of the Class specified in the related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Reserve Account.

"**Series Capital Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Capital Reserve Account"*.

"**Series Finance Reserve Account**" has the meaning set out under *"Capital Markets Platform — Security — Issuer Accounts — Series Accounts — Series Finance Reserve Account"*.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Servicer Default**" means:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three business days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a responsible officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, to duly observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in the Master Transfer and Servicing Agreement or in any other Program Agreement to which it is a party (other than as provided in (a) above), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a responsible officer of the Servicer;

(c) any representation or warranty made by the Servicer in the Master Transfer and Servicing Agreement, any other Program Agreement to which it is a party, any transfer notice or any monthly servicer report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a responsible officer of the Servicer;

(d) an insolvency event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province of Ontario, Derivative Counterparties, credit enhancers, Rating Agencies and counterparties to underwriting agreements, agency agreements or note purchase agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Notes and

Borrowings that have been designated as "Subordinated" in the related Funding Obligation Agreement.

"**Subordinated Notes, Series 2017-1**" has the meaning set out under *"Short Term Indebtedness"*.

"**Subrogation Amounts**" has the meaning set out under "*Change of Law Protection Agreement — Protection Event*".

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**Suspension Event**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Suspension Notice**" has the meaning set out under *"Change of Law Protection Agreement — Suspension Notice & Post-Suspension Refinancings"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Unitholders**" means FHP2017 Inc., a wholly-owned subsidiary of OPG, and the Indenture Trustee.

"**Warehouse Facilities**" has the meaning set out under *"Short Term Indebtedness"*.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to a Funding Obligation Agreement that provide the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

SCHEDULE A – CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

EXHIBIT 1

INVESTOR PRESENTATION

(See attached.)

From: VINER, JON [JON.VINER@blakes.com]
To: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; 'Thouin, Alena (ENERGY)' [Alena.Thouin@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]; Ronald Kwan [Ronald.Kwan@ofina.on.ca]; Tim Christie (ENERGY) [Tim.Christie@ontario.ca]; Veinot, Cindy (TBS) [Cindy.Veinot@ontario.ca]; Mark Donaldson (MOF) [Mark.Donaldson@ontario.ca]; Sawwaf, Khareem (ENERGY) [Khareem.Sawwaf@ontario.ca]; Huang, Jackson (MEDG/MRIS) [Jackson.Huang@ontario.ca]; Daniel Cayley (ENERGY) [Daniel.Cayley@ontario.ca]; Lightbody, Ava (ENERGY) [Ava.Lightbody@ontario.ca]; James Rehob (ENERGY) [James.Rehob@ontario.ca]
CC: ASHBOURNE, STEPHEN [STEPHEN.ASHBOURNE@blakes.com]
Subject: RE: Fair Hydro Trust OM - Comments
Date: Friday, January 12, 2018 11:59:14
Attachment 1: imageb57879.GIF
Attachment 2: 12928826-vpdf-Form of Series 2018-1 Senior Notes Term Sheet (Fair Hydro ....pdf
Attachment 3: 12928826-v2-Form of Series 2018-1 Senior Notes Term Sheet (Fair Hydro Tr....docx

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All,

Apologies for the double-email; I'm following up with one further document:

- Clean and blacklined copies of the term sheet for the 2018-1 senior notes.

Best,

Jon

Jon Viner

Associate

jon.viner@blakes.com

Dir: 416-863-2499

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] **| Twitter**[twitter.com] **| Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: VINER, JON
Sent: Friday, January 12, 2018 10:52 AM
To: Ken Kandeepan; 'Thouin, Alena (ENERGY)'; Tobias P. Whitfield (MOF); Mike Manning; Malle Hanslep (MOF); Anna Strathy; Ronald Kwan; Tim Christie (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF); Sawwaf, Khareem (ENERGY); Huang, Jackson (MEDG/MRIS); Daniel Cayley (ENERGY); Lightbody, Ava (ENERGY); James Rehob (ENERGY)
Cc: ASHBOURNE, STEPHEN
Subject: Fair Hydro Trust OM - Comments

All,

Please for your reference please find attached copies of the following documents:

- Clean copy of comments on the FHT OM
- Blacklined copy of comments on the FHT OM showing changes against Torys' draft
- Blacklined copy of comments on the FHT OM showing changes against the previously circulated draft
- Comments on the Investor Presentation (with revisions indicated in red, blue or highlighted text).

Once you have had a chance to review, please let us know if you would like to discuss.

Kind regards,

Jon

Jon Viner

Associate

jon.viner@blakes.com

Dir: 416-863-2499

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ●, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Description of Notes" section of the confidential shelf offering memorandum which contains a more detailed description of certain terms of the Series 2018-1 Senior Notes and the master trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January ●, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, Series 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust ~~established under~~governed by the laws of the Province of Ontario.
Issue:	●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●
Term:	● years[1]
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●%
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment) versus the CAN ●% due ● (priced at $● to yield ●%)

[1] Please confirm if a single principal payment date is contemplated. Does this need to be reconciled with the "legal final maturity date" concept?

Issue Yield: ●%

Issue Price: $● for each $1,000 principal amount of Series 2018-1 Senior Notes sold.

Agents Commission: **$●**

Net Proceeds: $●

Interest Payment Dates: Interest on the Series 2018-1 Senior Notes shall be payable in equal (except the initial interest payment) semi-annual instalments in arrears on April 15 and October 15 of each year, commencing April 15, 2018 (short first coupon). The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first interest payment date for the Series 2018-1 Senior Notes. The first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes.

If an interest payment date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis.

Principal Accumulation Date(s) and Principal Accumulation Amount(s):

Principal Accumulation Dates	**Principal Accumulation Amounts**
●, 20●	$●

Principal Payment Date(s) and Principal Payment Amount(s):

Principal Payment Date	**Principal Payment Amount**
●, 20●	$●

Principal Payment Default Date: ●, 20●

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means ●, 20●.

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the date of redemption, plus ●% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable

	Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the Par Call Date (calculated from the date of redemption), such yield being expressed as a per annum rate equal to the average of the per annum yields provided by two major Canadian investment dealers specified by the Issuer.
Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under *"Change of Law Protection Agreement"*. The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*" and *"Risk Factors"*.
Use of Proceeds:	The net proceeds from the Series 2018-1 Senior Notes Offering will be used as follows: **[(i) to refinance $● of indebtedness of the Issuer originally incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement and (ii) to pay the Series 2018-1 Senior Notes Offering and related costs of the Issuer in an approximate amount of $●. See *"Consolidated Capitalization"*.]**
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	**[CIBC World Markets Inc., Goldman Sachs Canada Inc., RBC Dominion Securities Inc. (as co-leads and co-bookrunners)]**, ●, ●, and ●.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for:

(i) $● of ●% subordinated notes due ●, Series 2018-1; and
(ii) $● of ●% subordinated junior notes due ●, Series 2018-1.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	Nil
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	**$[1,179,000,000.00]**(1)	**$[1,179,000,000.00]**
Bank indebtedness……..	Nil	Nil
Total Debt……	**$[1,179,000,000.00]**(1)	$●
Equity		
Equity……	$10,000.01	$10,000.01

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12928826.2

Total Capitalization.....	$**[1,179,010,000.01]**[1]	$●

(1) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short-term debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000 of which, or 10% of all short term debt, represented by Junior Subordinated Notes held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On October 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on

their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the

date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, the Issuer had approximately $● billion outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' fee payable by the Issuer

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

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Document comparison by Workshare Compare on Friday, January 12, 2018 10:06:13 AM

Input:	
Document 1 ID	PowerDocs://TOR_2024/12928826/1
Description	TOR_2024-#12928826-v1-Form_of_Series_2018-1_Senior_Notes_Term_Sheet_(Fair_Hydro_Trust)
Document 2 ID	PowerDocs://TOR_2024/12928826/2
Description	TOR_2024-#12928826-v2-Form_of_Series_2018-1_Senior_Notes_Term_Sheet_(Fair_Hydro_Trust)
Rendering set	Standard

Legend:	
Insertion	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	12
Deletions	4
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	16

This indicative term sheet accompanies, is incorporated by reference in and forms part of the confidential shelf offering memorandum (the "confidential shelf offering memorandum") dated January ●, 2018 of Fair Hydro Trust (the "Issuer") and is subject to all of the restrictions, conditions and limitations set out in the confidential shelf offering memorandum. This term sheet and the confidential shelf offering memorandum constitute an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. The Issuer is not obligated to accept an offer to purchase the securities described herein.

The summary below describes the principal terms of the Series 2018-1 Senior Notes (as defined below). Certain of the terms summarized below are subject to important limitations and exceptions. The following is not intended to be complete. Prospective investors should review the "Description of Notes" section of the confidential shelf offering memorandum which contains a more detailed description of certain terms of the Series 2018-1 Senior Notes and the master trust indenture (the "Master Trust Indenture") between the Issuer and BNY Trust Company of Canada, acting as trustee, dated December 21, 2017 (and to which the Series 2018-1 Senior Notes will be subject), as supplemented by the term senior series 2018-1 supplemental indenture to the Master Trust Indenture pursuant to which the Series 2018-1 Senior Notes will be issued (together with the Master Trust Indenture, the "Indenture"). In the event of any inconsistency between this indicative term sheet and the confidential shelf offering memorandum, the terms of this indicative term sheet apply. Certain capitalized terms used and not otherwise defined in the summary below have the meanings given thereto in the confidential shelf offering memorandum.

New Issue by Way of Private Placement *January ●, 2018*

FAIR HYDRO TRUST

●% SENIOR NOTES DUE ●, Series 2018-1

Indicative Term Sheet

Issuer:	Fair Hydro Trust, a special purpose trust governed by the laws of the Province of Ontario.
Issue:	●% Senior Notes due ●, Series 2018-1 (the "**Series 2018-1 Senior Notes**").
Credit Ratings:	DBRS: ● (●) Moody's: ● (●)
Principal Amount:	$●
Term:	● years[1]
Launch Date:	●, 2018
Pricing Date:	●, 2018
Settlement Date:	●, 2018 (T+3)
Interest Rate:	●%
Issue Spread:	+● bps (+/-● bps) versus Government of Canada curve interpolated between CAN ●% due ● and CAN ●% due ● +● bps (including a ● bps curve adjustment) versus the CAN ●% due ● (priced at $● to yield ●%)

[1] Please confirm if a single principal payment date is contemplated. Does this need to be reconciled with the "legal final maturity date" concept?

Issue Yield: ●%

Issue Price: $● for each $1,000 principal amount of Series 2018-1 Senior Notes sold.

Agents Commission: **$●**

Net Proceeds: $●

Interest Payment Dates: Interest on the Series 2018-1 Senior Notes shall be payable in equal (except the initial interest payment) semi-annual instalments in arrears on April 15 and October 15 of each year, commencing April 15, 2018 (short first coupon). The first interest payment on the Series 2018-1 Senior Notes will include accrued and unpaid interest for the period from, and including, the closing date of this Offering (the "**Series 2018-1 Senior Notes Offering**") to, but excluding, the first interest payment date for the Series 2018-1 Senior Notes. The first interest payment will be in an amount equal to $● per $1,000 principal amount of Series 2018-1 Senior Notes.

If an interest payment date is not a business day in Toronto, then the payment will be made on the next business day with no adjustment. For any period less than a full semi-annual interest period, interest will be calculated on an actual/365 basis.

Principal Accumulation Date(s) and Principal Accumulation Amount(s):

Principal Accumulation Dates	**Principal Accumulation Amounts**
●, 20●	$●

Principal Payment Date(s) and Principal Payment Amount(s):

Principal Payment Date	**Principal Payment Amount**
●, 20●	$●

Principal Payment Default Date: ●, 20●

Optional Redemption: The Series 2018-1 Senior Notes will be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, on not less than 15 nor more than 60 days' notice at the redemption price specified below. At any time prior to the Par Call Date, the redemption price will be equal to the greater of (i) the Series 2018-1 Canada Yield Price and (ii) par, plus, in each case, accrued and unpaid interest to, but not including, the date of redemption. On or after the Par Call Date, the redemption price will be equal to par, plus accrued and unpaid interest to, but not including, the date of redemption.

"**Par Call Date**" means ●, 20●.

"**Series 2018-1 Canada Yield Price**" means a price equal to the price of the Series 2018-1 Senior Notes calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the date of redemption, plus ●% per annum.

"**Government of Canada Yield**" on any date means, in respect of the Series 2018-1 Senior Notes being redeemed, the yield from the redemption date to the Par Call Date compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity

	equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the Par Call Date (calculated from the date of redemption), such yield being expressed as a per annum rate equal to the average of the per annum yields provided by two major Canadian investment dealers specified by the Issuer.
Limited Recourse:	The Series 2018-1 Senior Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Series 2018-1 Senior Notes are not a debt, liability or obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Series 2018-1 Senior Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity, except that the Province of Ontario has agreed to provide a limited guarantee in respect of the Series 2018-1 Senior Notes following the occurrence of certain events. See the confidential shelf offering memorandum under "*Change of Law Protection Agreement*". The Series 2018-1 Senior Notes will be limited recourse obligations, secured only by the collateral described in the confidential shelf offering memorandum. See the confidential shelf offering memorandum under "*Capital Markets Platform — Acceleration and Remedies — Limited Recourse*" *and "Risk Factors"*.
Use of Proceeds:	The net proceeds from the Series 2018-1 Senior Notes Offering will be used as follows: **[(i) to refinance $● of indebtedness of the Issuer originally incurred to purchase an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement and (ii) to pay the Series 2018-1 Senior Notes Offering and related costs of the Issuer in an approximate amount of $●. See *"Consolidated Capitalization"*.]**
Ranking:	Subject to the applicable payment waterfalls in the Master Trust Indenture, the Series 2018-1 Senior Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference.
Additional Security:	No Series Account will be established for the Series 2018-1 Senior Notes. No credit enhancement agreement or liquidity agreement has been entered into for the benefit of the Series 2018-1 Noteholders.
Currency:	Canadian dollars.
Minimum Subscription:	Minimum principal amount of $150,000.
Form and Denomination:	Book entry only through participants in CDS. The Series 2018-1 Senior Notes will be issued in multiples of $1,000.
CUSIP/ISIN:	CUSIP – ● ISIN – ●
Agents:	**[CIBC World Markets Inc., Goldman Sachs Canada Inc., RBC Dominion Securities Inc. (as co-leads and co-bookrunners)]**, ●, ●, and ●.

Any statement contained in the confidential shelf offering memorandum or in any document incorporated or deemed to be incorporated by reference in the confidential shelf offering memorandum shall be deemed to be modified or superseded, to the extent that a statement contained herein or in any other subsequent document which is or is deemed to be incorporated by reference in the confidential shelf offering memorandum, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior

statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the confidential shelf offering memorandum, except as so modified or superseded.

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities (as described herein). The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents for the purposes of securities regulations in certain provinces. See "Relationship between the Issuer and the Agents".

CAPITALIZATION

On December 21, 2017, the Issuer entered into the following supplemental indentures under the Master Trust Indenture for the provision of an aggregate of approximately $1.56 billion in short term indebtedness (collectively, the "**Warehouse Facilities**"), of which a total of $1.179 billion is drawn as of the date hereof:

(i) a warehouse senior series 2017-1 supplemental indenture with, among others, Royal Bank of Canada, as administrative agent for certain commercial paper conduit purchasers and financial institutions named therein, for the provision of an aggregate maximum principal amount of $800,000,000 floating rate variable funding Senior Notes, Series 2017-1 ("**Senior Notes, Series 2017-1**"), of which $601,290,000 is drawn. See "*Relationship between the Issuer and the Agents*";

(ii) a warehouse subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $611,764,705.88 floating rate variable funding Subordinated Notes, Series 2017-1 ("**Subordinated Notes, Series 2017-1**"), of which $459,810,000 is drawn; and

(iii) a warehouse junior subordinated series 2017-1 supplemental indenture with, among others, OPG for the provision of an aggregate maximum principal amount of $156,862,745.10 floating rate variable funding Junior Subordinated Notes, Series 2017-1 ("**Junior Subordinated Notes, Series 2017-1**"), of which $117,900,000 is drawn.

The issuance of Senior Notes, Series 2017-1, Subordinated Notes, Series 2017-1 and Junior Subordinated Notes, Series 2017-1 under the Warehouse Facilities described above were used to acquire a $1.179 billion Investment Interest from the IESO on December 21, 2017.

[NTD: If there are subsequent draws on the warehouse before the launch of the Series 2018-1 Senior Notes Offering, this section to be updated.]

Concurrently with the issuance of the Series 2018-1 Senior Notes, OPG will also subscribe for:

(i) $● of ●% subordinated notes due ●, Series 2018-1; and
(ii) $● of ●% subordinated junior notes due ●, Series 2018-1.

The following table summarizes the capitalization of the Issuer as at the dates indicated before and after completion of the Series 2018-1 Senior Notes Offering.

	As at December 31, 2017 before giving effect to the Series 2018-1 Senior Notes Offering	**As at December 31, 2017 after giving effect to the Series 2018-1 Senior Notes Offering**
Cash and Cash Equivalents……..	Nil	Nil
Debt		
Long-term debt, including current portion…….	Nil	$●
Short-term debt……...	**$[1,179,000,000.00][(1)]**	**$[1,179,000,000.00]**
Bank indebtedness……..	Nil	Nil
Total Debt……	**$[1,179,000,000.00][(1)]**	$●
Equity		
Equity……	$10,000.01	$10,000.01
Total Capitalization……	**$[1,179,010,000.01][(1)]**	$●

(1) Representing Notes outstanding as of the date hereof under the Warehouse Facilities as follows: (i) $601,290,000, or 51% of all short-term

debt, represented by Senior Notes, Series 2017-1; (ii) $459,810,000, or 39% of all short term debt, represented by Subordinated Notes, Series 2017-1 held by OPG; and (iii) $117,900,000 of which, or 10% of all short term debt, represented by Junior Subordinated Notes held by OPG.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Osler, Hoskin & Harcourt LLP, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") to a holder who acquires Series 2018-1 Senior Notes as beneficial owner pursuant to the Series 2018-1 Senior Notes Offering and who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Issuer, and holds Series 2018-1 Senior Notes as capital property (a "**Holder**"). Generally, the Series 2018-1 Senior Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Series 2018-1 Senior Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Series 2018-1 Senior Notes as capital property may, in certain circumstances, be entitled to treat their Series 2018-1 Senior Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark to market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Series 2018-1 Senior Notes. Any such holders should consult their own tax advisors with respect to an investment in the Series 2018-1 Senior Notes. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money to acquire Series 2018-1 Senior Notes.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement and this summary does not consider the implications of this announcement. On October 18, 2017, the Minister of Finance (Canada) announced that the government intends to move forward with the planned amendments subject to further developments to address concerns of business owners the details of which are not yet available. Holders that are private corporations should consult their own tax advisors regarding the implications of these announcements with respect to their particular circumstances.

This summary is based upon the facts set out in the confidential shelf offering memorandum, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Series 2018-1 Senior Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Series 2018-1 Senior Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Series 2018-1 Senior Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Series 2018-1 Senior Notes under the Tax Act and any jurisdiction in which they may be subject to tax.

Foreign Exchange

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Series 2018-1 Senior Notes must be expressed in Canadian dollars, including any interest, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars in accordance with the Tax Act on the date such amounts first arose. A Holder may realize a capital gain or a capital loss on the disposition or deemed disposition of a Series 2018-1 Senior Note by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The amount of interest or other amounts required to be included in computing the Holder's income for a taxation year will also be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Interest on Series 2018-1 Senior Notes

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that accrues or is deemed to accrue to such Holder to the end of the particular taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Series 2018-1 Senior Notes that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption, purchase for cancellation, or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Issuer to a Holder on the redemption of a Series 2018-1 Senior Note or a purchase for cancellation of a Series 2018-1 Senior Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public), will generally be deemed to be interest received at the time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of or purchase for cancellation of, the interest that, would have been paid or payable by the Issuer on the Series 2018-1 Senior Note for a taxation year ending after the redemption or purchase for cancellation, and to the extent such premium was not otherwise included in computing the Holder's income for that taxation year or a previous taxation year.

Where a Holder is required to include in income interest on a Series 2018-1 Senior Note that accrued before such Series 2018-1 Senior Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Series 2018-1 Senior Note will be reduced by the amount which is so deductible.

If a Series 2018-1 Senior Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an amount equal to such discount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and Regulations or in the taxation year in which an amount in respect of the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Disposition of Series 2018-1 Senior Notes

On a disposition or deemed disposition of a Series 2018-1 Senior Note (including a redemption, purchase for cancellation or repayment at maturity), a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Series 2018-1 Senior Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

A disposition or deemed disposition by a Holder of a Series 2018-1 Senior Note will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any

accrued interest or any amount deemed to be interest, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One half of any capital gain (a "**taxable capital gain**") generally must be included in the Holder's income for the taxation year of the disposition, and one half of any capital loss (an "**allowable capital loss**") realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Eligibility for Investment

The Series 2018-1 Senior Notes would, if acquired on the date hereof and if they (i) are issued as part of a single issue of debt of at least $25 million and (ii) have an investment grade rating with certain rating agencies prescribed under the Tax Act, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax free savings account ("**TFSA**") and deferred profit sharing plan ("**DPSP**") (except for a trust governed by a DPSP to which the Issuer has made a contribution).

Even if the Series 2018-1 Senior Notes may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, if the Series 2018-1 Senior Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, then a holder of the TFSA or RDSP, a subscriber of the RESP or an annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 2018-1 Senior Notes would not be prohibited investments on the date hereof, provided (i) the holder of the TFSA or RDSP, the subscriber of the RESP or the annuitant of the RRSP or RRIF, as the case may be, deals at arm's length with the Issuer within the meaning of the Tax Act, and (ii) does not have a "significant interest" within the meaning of subsection 207.01(4) of the Tax Act in the Issuer. Investors intending to hold the Series 2018-1 Senior Notes in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own advisors as to whether the Series 2018-1 Senior Notes would be a prohibited investment in their particular circumstances.

RELATIONSHIP BETWEEN THE ISSUER AND THE AGENTS

CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. are each, directly or indirectly, a wholly-owned or majority-owned subsidiary or affiliate of a financial institution which is a lender to the Issuer and to which the Issuer is currently indebted under the terms of the Warehouse Facilities. The Issuer may use a portion of the net proceeds of the Series 2018-1 Senior Notes Offering to repay certain indebtedness under the Warehouse Facilities. Consequently, the Issuer may be considered to be a "connected issuer", of certain of the Agents under applicable Canadian securities legislation. As of the date of this Term Sheet, the Issuer is in compliance with the terms of its indebtedness under the Warehouse Facilities. Since the indebtedness under the Warehouse Facilities was incurred, the financial position of the Issuer has not materially changed. As of ●, the Issuer had approximately $● billion outstanding under the Warehouse Facilities. CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. have each advised that the decision to act as Agents for the Series 2018-1 Senior Notes Offering was made independently of the lenders under the Warehouse Facilities and the lenders had no influence as to the determination of the terms of the distribution. None of CIBC World Markets Inc., RBC Dominion Securities Inc. and Goldman Sachs Canada Inc. will receive any benefit in connection with the Series 2018-1 Senior Notes Offering other than its respective portion of the Agents' fee payable by the Issuer

LEGAL MATTERS

Certain Canadian legal matters in connection with the Series 2018-1 Senior Notes Offering will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

From:	John Kim
To:	"ASHBOURNE, STEPHEN"; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Tom McKinlay (MAG); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)
Cc:	Gadi Mayman; Mike Manning; Ken Kandeepan; Tim Christie (ENERGY); Scott Nelms (ENERGY); Ronald Kwan
Subject:	RE: Preparing the Financing Plan
Date:	Friday, September 15, 2017 9:29:24 AM

Just adding Ron to this cc: list. I've shared the file with him separately.

John

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, September 14, 2017 6:17 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Subject: Preparing the Financing Plan

Hi,

John Lee reached out to me earlier in the week to discuss how refinancings would be expected to operate under the Financing Plan. That led to a broader conversation about the role of the Financing Plan under the OFHPA, its purpose and contents. It seemed clear from that conversation that OPG is struggling with what is expected/required under the legislation in relation to the Financing Plan.

The Financing Plan is the mechanism under the OFHPA that disciplines the funding and related decisions to be undertaken by OPG under the legislation. While the General Regulation provides some guidance, it does not provide a roadmap of key considerations that will impact whether the root purposes of the legislation (e.g., fairness, alignment and efficiencies) are achieved. While the OFHPA clearly places the obligation to create the Financing Plan on OPG's shoulders, the contents will be key to whether the Province's objectives will be achieved.

Attached is an internal outline we prepared to scope out the sorts of things that the Financing Plan should probably address – based on the terms of the legislation and regulation as well as having regard to the broader themes of the legislation in the capital markets context. You may wish to consider whether sharing the Province's expectations and perspectives with OPG in this sort of way would be constructive and help to break through the barriers that seem to exist in OPG preparing the Financing Plan.

Please note that this version is not complete or particularly refined, but nevertheless I hope it is instructive a possible starting point, to the extent the Province wishes to step in on this.

I will be pleased to discuss this with you if it makes sense.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From:	Hanslep, Malle (MOF)
To:	Ronald Kwan
Cc:	Tobias P. Whitfield (MOF); John Kim; Bruno Amara
Subject:	RE: Timeline
Date:	Wednesday, June 14, 2017 11:15:57 AM

Hi – I am not sure that I can get a copy. Energy Legal has it but would have to ask their clients for a copy. Would Scott Nelms have it?

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: June 14, 2017 11:10 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kim, John (OFA); Bruno Amara
Subject: RE: Timeline

Hi Malle,

Would you be able to get a copy?

Energy had asked OPG if they could brief their Minister/MO on OPG-related implementation activities on the FHP. That may be the deck referred to.

Thanks,
Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: June-14-17 11:08
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Timeline

Apparently there is a June 13th slide deck also that includes a timeline.

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: June 14, 2017 10:33 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kim, John (OFA); Bruno Amara
Subject: RE: Timeline

Hi Malle,

I had heard last week that there was no Energy weekly tomorrow. Perhaps there's another weekly referred to for one of the work streams?

At last week's Energy weekly, OPG distributed a "Gantt chart" that may be of interest.

Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: June-14-17 10:07
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Timeline

I hear that there is a critical path document that OPG has provided for a weekly update meeting tomorrow? Do you have that?

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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To:	Malle Hanslep (MOF)
Cc:	Tobias P. Whitfield (MOF); John Kim; Bruno Amara
Subject:	RE: Timeline
Date:	Wednesday, June 14, 2017 11:10:29 AM

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Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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From:	Ronald Kwan
To:	Malle Hanslep (MOF)
Cc:	Tobias P. Whitfield (MOF); John Kim; Bruno Amara
Subject:	RE: Timeline
Date:	Wednesday, June 14, 2017 11:16:20 AM

Hi Malle,

I'll ask.

Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: June-14-17 11:15
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Timeline

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From: Ronald Kwan
To: Ken Kandeepan
Subject: RE: Waiver Process
Date: Thursday, January 04, 2018 11:58:47 AM

Thanks Ken. Just good to be apprised of the process as it proceeds.

Ron

-----Original Message-----
From: Ken Kandeepan
Sent: January-04-18 11:49 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Waiver Process

Sorry Ron, didn't mean to exclude you, just wasn't sure you would interested in the legal and market documentation supporting the first term deal of the Trust. Note that according to the Process Agreement our response should be confined to pointing out any material discrepancies as defined in the Definitions section of the agreement. If there is none, no response is required from the Province.

Thanks

Ken k

-----Original Message-----
From: Ronald Kwan
Sent: Thursday, January 04, 2018 10:18 AM
To: John LEE <john.s.lee@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Re: Waiver Process

Hi John,

Please cc me on the email as well.

Thanks,
Ron

> On Jan 4, 2018, at 9:36 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Hi John
>
> I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:
>
> Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.
>
> Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.
>
> With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

>
> Thanks
>
> Ken k
>
>
> -----Original Message-----
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Wednesday, January 03, 2018 8:45 PM
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
> Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
> Subject: Re: Waiver Process
>
> It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
> Thanks
>
> Malle
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ken Kandeepan
> Sent: Wednesday, January 3, 2018 20:04
> To: LEE John -TREASURY
> Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
> Subject: Re: Waiver Process
>
>
> Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.
>
> I am cc’ing our legal counsel to see if they have any suggestions.
>
> Ken k
>
> On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:
>
> Ken:
>
> Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.
>
> Please advise.
>
> John
>
>
>
> From: Ramchandani, Rima [mailto:rramchandani@torys.com]

> Sent: Wednesday, January 03, 2018 5:38 PM
> To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!
>
> Rima
>
> Rima Ramchandani
>
> P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
> From: Ramchandani, Rima
> Sent: January-03-18 5:32 PM
> To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.
>
> Rima
>
> Rima Ramchandani
>
> P. 416.865.7666
>
> From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
> Sent: January-03-18 5:24 PM
> To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the

documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.
>
>
> John
>
>
> _____
>
> THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.
>
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From:	Ronald Kwan
To:	Carlos Yep; Ken Kandeepan; John Psinas; John Kim; Bruno Amara
Subject:	RE: **ANNOUNCED** FAIR HYDRO TRUST
Date:	Monday, January 22, 2018 2:41:06 PM

Hi Carlos,

As I recall, "announced" on a by invitation only basis, so, theoretically, not public info. Is that right?

Ron

From: Carlos Yep
Sent: January-22-18 14:31
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: **ANNOUNCED** FAIR HYDRO TRUST

FYI

From: Donnelly, Ryan [mailto:Ryan.Donnelly@cibc.com]
Sent: Monday, January 22, 2018 2:27 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Elizabeth Wallace <Elizabeth.Wallace@ofina.on.ca>
Cc: Bartlett, Doug - Debt Capital Markets <Doug.Bartlett@cibc.com>; Janetos, Ben - Debt Capital Markets <Ben.Janetos@cibc.com>
Subject: FW: **ANNOUNCED** FAIR HYDRO TRUST

Good afternoon. As discussed this morning, the roadshow for Fair Hydro Trust has now been announced. As articulated in the attached investor presentation, the inaugural transaction being contemplated will be a 15-year offering.

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CIBC World Markets, Goldman Sachs, and RBC Capital Markets are pleased to announce a roadshow for the inaugural **Fair Hydro Trust ("FHT" or the "Issuer")** debt offering, Canada's first issuance of utility cost recovery bonds. The proposed senior notes will be offered by way of private placement in Canada.

CIBC is a Joint Lead and Joint Bookrunner on this transaction.

Please see below for further details on the roadshow.

****CANADIAN FIXED INCOME ROADSHOW****

Montreal: Monday, January 29
AM/PM: 1x1s Available
12:00PM Investor Luncheon – Ferreira Cafe, 1446 Peel St, Montreal
2:30PM National Investor Call

National Call Details:

Participant Dial-in: 416-620-9188 / 800-931-1309
Replay: 416-626-4100 / 800-558-5253 *(Expires Feb. 5, 2018 @ 11:59PM)*
Reservation #: 21879911# *(For Postview Purposes Only)*

Toronto: Tuesday, January 30
12:00PM Investor Luncheon – Adelaide Hotel, 325 Bay St, Toronto
PM: 1x1s Available

Toronto: Wednesday, January 31
AM/PM: 1x1s Available

Winnipeg: Thursday, February 1
8:00AM Investor Breakfast – ●
AM: 1x1s Available

Vancouver: Friday, February 2
AM/PM: 1x1s Available

Attending on behalf of Ontario Power Generation:
Ken Hartwick, Chief Financial Officer
John Lee, Vice President & Treasurer
Ken Ryfa, Assistant Treasurer
Lubna Ladak, VP Treasury – Fair Hydro Plan *(attending in Toronto)*

****INDICATIVE DEAL TERMS****

Offering Type: CAD Private
Offered Certificates: Senior Notes
Rating Agencies: DBRS/Moody's (presale reports will be available via Rating Agency websites)

Class Note	Balance	Term*	Subordination	DBRS/Moody's**	Benchmark
Senior Notes	C$●	15.25	49.00%	AAA(sf)/Aa2(sf)	GOC+
Subordinated Notes	C$●	15.25	10.00%	AA(sf)/Aa2(sf)	Placed with OPG
Junior Subordinated Notes	C$●	15.25	0.00%	A(sf)/Aa2(sf)	Placed with OPG

* Years
** Expected Credit Ratings

Expected Pricing: Week of February 5, 2018
Expected Settlement: Week of February 12, 2018

Business of the Issuer: Fair Hydro Trust (the "Issuer"), a special purpose trust established under the laws of the Province of Ontario, and caused to be established by Ontario Power Generation Inc. ("OPG"), as Financial Services Manager, has created a program providing for the offering and issuance of senior notes. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017*; the Province of Ontario announced its Fair Hydro Plan on March 2, 2017, which proposed to lower the average electricity bill for eligible customers by 25%.

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experience challenges with the unsubscribe link, reply to this email with the Subject Line "Unsubscribe" and Cc: Mailbox.CASLUnsubscribe@cibc.com. Please note that by selecting unsubscribe, we will only be able to send you emails that are required or permitted by law. Our mailing address is : CIBC CASL Unsubscribe, 161 Bay St, 9th Floor, Toronto, Ontario, M5J 2W5

From:	Carlos Yep
To:	Ronald Kwan
Subject:	RE: **ANNOUNCED** FAIR HYDRO TRUST
Date:	Monday, January 22, 2018 2:44:42 PM

OPG will start meeting investor next week

From: Ronald Kwan
Sent: Monday, January 22, 2018 2:41 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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From: Gadi Mayman
To: Ronald Kwan
Cc: Anna Strathy
Subject: RE: provincial borrowing rate
Date: Thursday, May 31, 2018 2:09:46 PM

Thanks, Ron. I notice that the Ontario rates have a column that include commissions. Should we have a similar one for the FHP rates (at least the senior debt; I'm assuming that they don't pay commission on the sub)?

-----Original Message-----
From: Ronald Kwan
Sent: Thursday, May 31, 2018 1:56 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: provincial borrowing rate

Hi Gadi,

FYI. Energy has asked for some Provincial borrowing rate data as context for planned periodic reports on FHP borrowing. Staff put together the attached.

Ron

-----Original Message-----
From: Ronald Kwan
Sent: May-31-18 13:34
To: John Kim <John.Kim@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: provincial borrowing rate

Thanks John. Looks fine, but would a little reformatting help?

Ron

-----Original Message-----
From: John Kim
Sent: May-31-18 12:16
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: provincial borrowing rate

Hi Ron,

Pls. see attached proposed file to be sent over and the original communication below.

We base our numbers off of CFB's daily update files and have full backup saved with links within the file.

Thanks,

John

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]

Sent: Wednesday, May 30, 2018 1:16 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: provincial borrowing rate

ADM/DM here at the ministry. We want to use provincial borrowing information to provide context for the OFHP issuances.

On Wed, May 30, 2018 at 1:13 PM -0400, "Kim, John (OFA)" <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>> wrote:

Just a quick question....who would be the intended audience?

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:39 PM
To: John Kim
Subject: RE: provincial borrowing rate

No rush on this. Thanks for the help John.

-----Original Message-----
From: Kim, John (OFA) [mailto:John.Kim@ofina.on.ca]
Sent: May-29-18 4:37 PM
To: Christie, Tim (ENERGY)
Subject: RE: provincial borrowing rate

When do you need it by? Will aim for tomorrow or Thursday. I have it ready except the analyst in charge is away so will need some digging.

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:22 PM
To: John Kim
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I'd like issues for 2018 to date, as well as anything going forward (we're planning to make it a monthly report).

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From:	John Kim
To:	Ronald Kwan
Cc:	Usman Zahid; Shajee Kathirgamanathan
Subject:	RE: provincial borrowing rate
Date:	Thursday, May 31, 2018 1:38:00 PM

Thanks Ron. Sure, works for me.

John

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From: Ronald Kwan
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To: John Kim <John.Kim@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Shajee Kathirgamanathan
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From: John Kim
To: Ronald Kwan
Subject: RE: provincial borrowing rate
Date: Wednesday, May 30, 2018 8:38:33 AM

No, what the dealer communication included followed the same practice. I would say global practice.

John

-----Original Message-----
From: Ronald Kwan
Sent: Wednesday, May 30, 2018 8:37 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: provincial borrowing rate

Hi,

Internal practice?

Ron

> On May 30, 2018, at 8:15 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> Hi Ron,
>
> The first one on February 9 was 15 years and the second one on April 24 was for 20 years. Both times, the practice was to compare [spread] versus Ontario 30 year rates.
>
> Thanks,
>
> John
>
> -----Original Message-----
> From: Ronald Kwan
> Sent: Tuesday, May 29, 2018 5:30 PM
> To: John Kim <John.Kim@ofina.on.ca>
> Subject: RE: provincial borrowing rate
>
> Hi John,
>
> What tenures has OPG borrowed at so far?
>
> Ron
>
> -----Original Message-----
> From: John Kim
> Sent: May-29-18 17:25
> To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> Subject: RE: provincial borrowing rate
>
> I believe we go with the 30 yr rates. I would recommend we do it and provide the data so we are on the same page (and not have different areas having different numbers). Also, relationship managing being my focus.
>
> I will talk to Tim on the intended use.
>

> John
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> To: John Kim <John.Kim@ofina.on.ca>
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> Thanks,
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> From: John Kim
> Sent: May-29-18 16:41
> To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> Subject: FW: provincial borrowing rate
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From: John Kim
To: Ronald Kwan
Subject: RE: provincial borrowing rate
Date: Tuesday, May 29, 2018 5:25:28 PM

I believe we go with the 30 yr rates. I would recommend we do it and provide the data so we are on the same page (and not have different areas having different numbers). Also, relationship managing being my focus.

I will talk to Tim on the intended use.

John

-----Original Message-----
From: Ronald Kwan
Sent: Tuesday, May 29, 2018 5:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: provincial borrowing rate

Hi John,

Assuming Energy is looking for indicative provincial borrowing rates, not actual issuance amounts and rates each month, as the actual terms likely do not match FHP issuance terms? And some interpolation estimation would be required? Would we want to do that, or let it be Energy making such estimations?

And, as discussed, what would be the intended use of the report be, and audience?

Thanks,
Ron

-----Original Message-----
From: John Kim
Sent: May-29-18 16:41
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: provincial borrowing rate

Fyi

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:22 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: provincial borrowing rate

I'd like issues for 2018 to date, as well as anything going forward (we're planning to make it a monthly report).

On Tue, May 29, 2018 at 4:17 PM -0400, "Kim, John (OFA)"
<John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>> wrote:

I think the OFA would be a pretty reliable source….but what do you need exactly? Just a point in time, as in – now or when the issues were done recently? Let me know and I should be able to help.

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: provincial borrowing rate

Hi John, we're preparing an OFHP tracking document and we'd like to include a comparison of FHP issuances to provincial borrowing. Do you know of a reliable public source for recent Ontario government bond issuances? Or could we get that from the OFA?

Tim

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From: Gadi Mayman
To: Ronald Kwan
Cc: Anna Strathy
Subject: RE: provincial borrowing rate
Date: Friday, June 01, 2018 2:08:10 PM

That's great, thanks, Ron.

-----Original Message-----
From: Ronald Kwan
Sent: Friday, June 01, 2018 1:19 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: provincial borrowing rate

Hi Gadi,

The spreadsheet has been updated.

Ron

-----Original Message-----
From: Ronald Kwan
Sent: May-31-18 15:28
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: provincial borrowing rate

Hi Gadi,

Energy had really asked for the Provincial data. I understand that Energy gets the FH Trust data directly at the time of each issuance. That said, for completeness, I can ask staff about adding it to the table.

Ron

-----Original Message-----
From: Gadi Mayman
Sent: May-31-18 14:10
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: provincial borrowing rate

Thanks, Ron. I notice that the Ontario rates have a column that include commissions. Should we have a similar one for the FHP rates (at least the senior debt; I'm assuming that they don't pay commission on the sub)?

-----Original Message-----
From: Ronald Kwan
Sent: Thursday, May 31, 2018 1:56 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: provincial borrowing rate

Hi Gadi,

FYI. Energy has asked for some Provincial borrowing rate data as context for planned periodic reports on FHP

borrowing. Staff put together the attached.

Ron

-----Original Message-----
From: Ronald Kwan
Sent: May-31-18 13:34
To: John Kim <John.Kim@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Shajee Kathirgamanathan
<Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: provincial borrowing rate

Thanks John. Looks fine, but would a little reformatting help?

Ron

-----Original Message-----
From: John Kim
Sent: May-31-18 12:16
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Shajee Kathirgamanathan
<Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: provincial borrowing rate

Hi Ron,

Pls. see attached proposed file to be sent over and the original communication below.

We base our numbers off of CFB's daily update files and have full backup saved with links within the file.

Thanks,

John

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Wednesday, May 30, 2018 1:16 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: provincial borrowing rate

ADM/DM here at the ministry. We want to use provincial borrowing information to provide context for the OFHP issuances.

On Wed, May 30, 2018 at 1:13 PM -0400, "Kim, John (OFA)"
<John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>> wrote:

Just a quick question....who would be the intended audience?

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:39 PM
To: John Kim
Subject: RE: provincial borrowing rate

No rush on this. Thanks for the help John.

-----Original Message-----
From: Kim, John (OFA) [mailto:John.Kim@ofina.on.ca]
Sent: May-29-18 4:37 PM
To: Christie, Tim (ENERGY)
Subject: RE: provincial borrowing rate

When do you need it by? Will aim for tomorrow or Thursday. I have it ready except the analyst in charge is away so will need some digging.

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, May 29, 2018 4:22 PM
To: John Kim
Subject: Re: provincial borrowing rate

I'd like issues for 2018 to date, as well as anything going forward (we're planning to make it a monthly report).

On Tue, May 29, 2018 at 4:17 PM -0400, "Kim, John (OFA)" > wrote:

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To: John Kim
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From: Ronald Kwan
To: John Kim
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 5:45:31 PM

Thanks John.

Ron

On Jan 3, 2018, at 5:44 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> I am not sure who the questions are for, almost to Energy? Will send the consolidated soon.
>
> Sent from my iPhone
>
> On Jan 3, 2018, at 4:58 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi John,
> >
> > Could we consolidate with ours as is, and then send and let OPG and energy sort it out? Or are they questions to us?
> >
> > Ron
> >
> > On Jan 3, 2018, at 4:56 PM, John Kim <John.Kim@ofina.on.ca> wrote:
> >
> > > Hi Ron,
> > >
> > > This will take a bit more time….as some comments/questions from LSB, we don't have immediate answers to.
> > >
> > > Thanks,
> > >
> > > John
> > >
> > > ---
> > >
> > > **From:** Ronald Kwan
> > > **Sent:** Wednesday, January 03, 2018 4:00 PM
> > > **To:** John Kim <John.Kim@ofina.on.ca>
> > > **Subject:** Fwd: Draft Fair Hydro Investor Presentation.
> > >
> > > Hi John,
> > >
> > > Please review and consolidate comments.

Thanks,
Ron

Begin forwarded message:

From: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>
Date: January 3, 2018 at 3:46:58 PM EST
To: "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Cc: "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Ron,

Please find attached our comments on the investor presentation deck. We have added our comments in track changes to the word document with the other comments.

Mike and Ken, we are also wondering if you have heard anything new about the timing of the term deal and whether there are any documents that have been circulated that we can start to look at.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January 3, 2018 2:28 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Malle, Toby,

Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?

Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.

Thanks, and a Happy New Year to you both.

Ron

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 11:39 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Ron, here's the presentation. They're looking for comments this week.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know. The plan is to have another turn of the document in the 1st week in January. May will

have the “pen” from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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From: Ronald Kwan
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 10:04:03 AM

And one row should note that it is an OFA facility of $2 Bn to the IESO, not an OEFC one.

Ron

On Jan 3, 2018, at 7:00 AM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Malle, Toby,
>
> Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?
>
> Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.
>
> Thanks, and a Happy New Year to you both.
>
> Ron
>
> ---
>
> **From:** Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
> **Sent:** January-02-18 11:39 AM
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** FW: Draft Fair Hydro Investor Presentation.
>
> Hi Ron, here's the presentation. They're looking for comments this week.
>
> Tim
>
> ---
>
> **From:** LEE John -TREASURY [mailto:john.s.lee@opg.com]
> **Sent:** December-21-17 5:33 PM
> **To:** Christie, Tim (ENERGY)
> **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
> **Subject:** Draft Fair Hydro Investor Presentation.
>
> Tim:
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> As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.
>
> st

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Have a Merry Christmas.

John

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<Appendix 1 Fair Hydro Trust Draft Investor Presentation - Dec 21 to ARC.pdf>

<Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions.docx>

From: Ronald Kwan
To: John Kim; Bruno Amara
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 10:02:18 AM

Oops. That's an OFA facility, of course, not OEFC.

Ron

On Jan 3, 2018, at 7:00 AM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> I had a quick look and added a bit to Energy's table as a start.
>
> Ron
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** January-02-18 11:18 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** FW: Draft Fair Hydro Investor Presentation.
>
> Hi,
>
> FYI on Energy's comments.
>
> Ron
>
> ---
>
> **From:** Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
> **Sent:** January-02-18 3:39 PM
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** FW: Draft Fair Hydro Investor Presentation.
>
> Ron, here are the comments we have sent on the presentation. Do you know when/if Finance will be sending theirs? OPG was asking.
>
> Tim
>
> ---
>
> **From:** Christie, Tim (ENERGY)
> **Sent:** January-02-18 3:39 PM
> **To:** 'LEE John -TREASURY'
> **Cc:** Cayley, Daniel (ENERGY); 'LAURETA LAPIRA May -TREASURY'
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> With the attachment.
>
> ---
>
> **From:** Christie, Tim (ENERGY)

Sent: January-02-18 3:38 PM
To: 'LEE John -TREASURY'
Cc: Cayley, Daniel (ENERGY); LAURETA LAPIRA May -TREASURY
Subject: RE: Draft Fair Hydro Investor Presentation.

John, here are the comments on the investor presentation.

Tim

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
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Have a Merry Christmas.

John

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<Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions.docx>

From: Ronald Kwan
To: Malle Hanslep (MOF)
Cc: Tobias P. Whitfield (MOF); John Kim
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 9:59:43 AM

Thanks Malle.

Ron

On Jan 3, 2018, at 9:16 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Ron,
>
> We haven't received this before but will review. Thanks,
>
> Malle
>
> ---
>
> **From:** Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
> **Sent:** January 3, 2018 2:28 AM
> **To:** Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> **Subject:** FW: Draft Fair Hydro Investor Presentation.
>
> Hi Malle, Toby,
>
> Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?
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> Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.
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>
> ---
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> **Sent:** January-02-18 11:39 AM
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> **Subject:** FW: Draft Fair Hydro Investor Presentation.
>
> Hi Ron, here's the presentation. They're looking for comments this week.
>
> Tim
>
> ---
>
> **From:** LEE John -TREASURY [mailto:john.s.lee@opg.com]
> **Sent:** December-21-17 5:33 PM

To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
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From: Ronald Kwan
To: Ken Kandeepan
Cc: Mike Manning
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Tuesday, January 02, 2018 5:55:44 PM

Thanks All.

Ron

On Jan 2, 2018, at 5:25 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Will do first thing tomorrow AM
>
> On Jan 2, 2018, at 5:07 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>
> > Likewise, Mike
> >
> > On Jan 2, 2018, at 4:37 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
> >
> > > Hi Mike, Ken,
> > >
> > > Do you have any comments? I'll take a look at it tonight.
> > >
> > > Ron
> > >
> > > Begin forwarded message:
> > >
> > > **From:** "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>
> > > **Date:** January 2, 2018 at 3:39:26 PM EST
> > > **To:** "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>
> > > **Subject: FW: Draft Fair Hydro Investor Presentation.**
> > >
> > > Ron, here are the comments we have sent on the presentation. Do you know when/if Finance will be sending theirs? OPG was asking.
> > >
> > > Tim

From: Christie, Tim (ENERGY)
Sent: January-02-18 3:39 PM
To: 'LEE John -TREASURY'
Cc: Cayley, Daniel (ENERGY); 'LAURETA LAPIRA May -TREASURY'
Subject: RE: Draft Fair Hydro Investor Presentation.

With the attachment.

From: Christie, Tim (ENERGY)
Sent: January-02-18 3:38 PM
To: 'LEE John -TREASURY'
Cc: Cayley, Daniel (ENERGY); LAURETA LAPIRA May -TREASURY
Subject: RE: Draft Fair Hydro Investor Presentation.

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Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
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John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |

416.592.6392 | john.s.lee@opg.com

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<Fair Hydro Investor Presentation Comments - ENERGY - 20171229.docx>

From: Ronald Kwan
To: Tim Christie (ENERGY)
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Tuesday, January 02, 2018 5:55:24 PM

Hi Tim,

We'll aim for EOD tomorrow.

Thanks,
Ron

On Jan 2, 2018, at 3:39 PM, Christie, Tim (ENERGY) <Tim.Christie@ontario.ca> wrote:

> Ron, here are the comments we have sent on the presentation. Do you know when/if Finance will be sending theirs? OPG was asking.
>
> Tim
>
> ---
>
> **From:** Christie, Tim (ENERGY)
> **Sent:** January-02-18 3:39 PM
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> **Cc:** Cayley, Daniel (ENERGY); 'LAURETA LAPIRA May -TREASURY'
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> With the attachment.
>
> ---
>
> **From:** Christie, Tim (ENERGY)
> **Sent:** January-02-18 3:38 PM
> **To:** 'LEE John -TREASURY'
> **Cc:** Cayley, Daniel (ENERGY); LAURETA LAPIRA May -TREASURY
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> John, here are the comments on the investor presentation.
>
> Tim
>
> ---
>
> **From:** LEE John -TREASURY [mailto:john.s.lee@opg.com]
> **Sent:** December-21-17 5:33 PM
> **To:** Christie, Tim (ENERGY)
> **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
> **Subject:** Draft Fair Hydro Investor Presentation.
>
> Tim:
>
> As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

st

The plan is to have another turn of the document in the 1 week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 | 416.592.6392 | john.s.lee@opg.com

---

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<Fair Hydro Investor Presentation Comments - ENERGY - 20171229.docx>

From: Ken Kandeepan
To: Mike Manning
Cc: Ronald Kwan
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Tuesday, January 02, 2018 5:25:16 PM

Will do first thing tomorrow AM

On Jan 2, 2018, at 5:07 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Likewise, Mike
>
> On Jan 2, 2018, at 4:37 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi Mike, Ken,
> >
> > Do you have any comments? I'll take a look at it tonight.
> >
> > Ron
> >
> > Begin forwarded message:
> >
> > **From:** "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>
> > **Date:** January 2, 2018 at 3:39:26 PM EST
> > **To:** "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>
> > **Subject: FW: Draft Fair Hydro Investor Presentation.**
> >
> > Ron, here are the comments we have sent on the presentation. Do you know when/if Finance will be sending theirs? OPG was asking.
> >
> > Tim
> >
> > ---
> >
> > **From:** Christie, Tim (ENERGY)
> > **Sent:** January-02-18 3:39 PM
> > **To:** 'LEE John -TREASURY'
> > **Cc:** Cayley, Daniel (ENERGY); 'LAURETA LAPIRA May - TREASURY'
> > **Subject:** RE: Draft Fair Hydro Investor Presentation.
> >
> > With the attachment.
> >
> > ---
> >
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Sent: January-02-18 3:38 PM
To: 'LEE John -TREASURY'
Cc: Cayley, Daniel (ENERGY); LAURETA LAPIRA May -TREASURY
Subject: RE: Draft Fair Hydro Investor Presentation.

John, here are the comments on the investor presentation.

Tim

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Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
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<Fair Hydro Investor Presentation Comments - ENERGY - 20171229.docx>

From: Mike Manning
To: Ronald Kwan
Cc: Ken Kandeepan
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Tuesday, January 02, 2018 5:07:40 PM

Likewise, Mike

On Jan 2, 2018, at 4:37 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Mike, Ken,
>
> Do you have any comments? I'll take a look at it tonight.
>
> Ron
>
> Begin forwarded message:
>
> **From:** "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>
> **Date:** January 2, 2018 at 3:39:26 PM EST
> **To:** "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>
> **Subject: FW: Draft Fair Hydro Investor Presentation.**
>
> Ron, here are the comments we have sent on the presentation. Do you know when/if Finance will be sending theirs? OPG was asking.
>
> Tim
>
> ---
>
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> **Cc:** Cayley, Daniel (ENERGY); 'LAURETA LAPIRA May -TREASURY'
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> With the attachment.
>
> ---
>
> **From:** Christie, Tim (ENERGY)
> **Sent:** January-02-18 3:38 PM
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> **Cc:** Cayley, Daniel (ENERGY); LAURETA LAPIRA May -TREASURY
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
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Sent: December-21-17 5:33 PM
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<Fair Hydro Investor Presentation Comments - ENERGY - 20171229.docx>

From: Ronald Kwan
To: Tim Christie (ENERGY)
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Tuesday, January 02, 2018 11:41:31 AM

Thanks Tim,

We'll take a look.

Ron

On Jan 2, 2018, at 11:39 AM, Christie, Tim (ENERGY) <Tim.Christie@ontario.ca> wrote:

> Hi Ron, here's the presentation. They're looking for comments this week.
>
> Tim
>
> ---
>
> **From:** LEE John -TREASURY [mailto:john.s.lee@opg.com]
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<Appendix 1 Fair Hydro Trust Draft Investor Presentation - Dec 21 to ARC.pdf>

From: John Kim
To: Ronald Kwan
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 5:44:56 PM

I am not sure who the questions are for, almost to Energy? Will send the consolidated soon.

Sent from my iPhone

On Jan 3, 2018, at 4:58 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Could we consolidate with ours as is, and then send and let OPG and energy sort it out? Or are they questions to us?
>
> Ron
>
> On Jan 3, 2018, at 4:56 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> > Hi Ron,
> >
> > This will take a bit more time….as some comments/questions from LSB, we don't have immediate answers to.
> >
> > Thanks,
> >
> > John
> >
> > ---
> >
> > **From:** Ronald Kwan
> > **Sent:** Wednesday, January 03, 2018 4:00 PM
> > **To:** John Kim <John.Kim@ofina.on.ca>
> > **Subject:** Fwd: Draft Fair Hydro Investor Presentation.
> >
> > Hi John,
> >
> > Please review and consolidate comments.
> >
> > Thanks,
> > Ron
> >
> > Begin forwarded message:
> >
> > > **From:** "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>
> > > **Date:** January 3, 2018 at 3:46:58 PM EST

To: "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Cc: "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Ron,

Please find attached our comments on the investor presentation deck. We have added our comments in track changes to the word document with the other comments.

Mike and Ken, we are also wondering if you have heard anything new about the timing of the term deal and whether there are any documents that have been circulated that we can start to look at.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January 3, 2018 2:28 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Draft Fair Hydro Investor Presentation.

Hi Malle, Toby,

Apologies for the short notice, if you have not been looped in earlier. I got the attached from Energy yesterday. OPG is looking for comments ASAP. Would you be able to review and provide any comments for EOD Wednesday?

Also attached is Energy's comments on the deck, with a few preliminary additions added in red. Mike and Ken are also reviewing and said they'd provide comments on Wednesday.

Thanks, and a Happy New Year to you both.

Ron

From: Christie, Tim (ENERGY)
[mailto:Tim.Christie@ontario.ca]
Sent: January-02-18 11:39 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

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Sent: December-21-17 5:33 PM
To: Christie, Tim (ENERGY)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); HAHN PARKER Janet -TREASURY
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Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 4:58:37 PM

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> > **Date:** January 3, 2018 at 3:46:58 PM EST
> > **To:** "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
> > **Cc:** "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>
> > **Subject: RE: Draft Fair Hydro Investor Presentation.**
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Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Subject: FW: Draft Fair Hydro Investor Presentation.

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Ron

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From: Ronald Kwan
To: John Kim
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 3:15:04 PM

Hi John,

Please resend and loop me in.

Thanks,
Ron

On Jan 3, 2018, at 3:13 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> So sorry Ron….must be my remaining jetlag. I forgot to copy you!
>
> John
>
> ---
>
> **From:** John Kim
> **Sent:** Wednesday, January 03, 2018 2:44 PM
> **To:** LEE John -TREASURY <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Subject:** FW: Draft Fair Hydro Investor Presentation.
>
> Hi,
>
> Pls. see attached with our suggested comment additions in red. We are still waiting for comments from MOF Legal, if any.
>
> Thanks,
>
> John
>
> Begin forwarded message:
>
> > **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> > **Date:** January 3, 2018 at 10:25:21 AM EST
> > **To:** John LEE <john.s.lee@opg.com>
> > **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken -

TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
Subject: Re: Draft Fair Hydro Investor Presentation.

Hi,

And we'll have a couple comments as well, and we looped in MOF Legal to take a quick look too.

Thanks,
Ron

On Jan 3, 2018, at 10:15 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Hi John:
> I think Ken caught the main issues on my side as well.
>
> Mike
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Wednesday, January 03, 2018 10:00 AM
> **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> Hi John
>
> Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.
>
> <!--[if !supportLists]-->• <!--[endif]-->Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC
> <!--[if !supportLists]-->• <!--[endif]-->Page 25 - Change of law Process Agreement; I would add that the PAM is set and updated by the Financing Plan.

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
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<Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v07Clean.docx>

From: Ronald Kwan
To: John Kim
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 3:14:30 PM

Hi John,

That's fine. I did not notice the attachment to the 1:14 email.

Ron

On Jan 3, 2018, at 3:11 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Ron,
>
> Maybe I'm missing something….but the only comment related to slide 7 is the one Tim put together??? I don't have anything on slide 9? Are you looking at v07Clean?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, January 03, 2018 3:10 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** Re: Draft Fair Hydro Investor Presentation.
>
> Hi,
>
> I thought we were omitting the comments on slides 7 and 9?
>
> On Jan 3, 2018, at 2:39 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> > Sure thing….will send right away. So just turn the greed to red from the last version.
> >
> > ---
> >
> > **From:** Ronald Kwan
> > **Sent:** Wednesday, January 03, 2018 2:27 PM
> > **To:** John Kim <John.Kim@ofina.on.ca>
> > **Subject:** Fwd: Draft Fair Hydro Investor Presentation.
> >
> > Hi John,
> >
> > FYI. And would you respond to all, with our suggested comment additions in red attached, noting that we are still waiting for any comments from MOF Legal.

Thanks,
Ron

Begin forwarded message:

> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** January 3, 2018 at 10:25:21 AM EST
> **To:** John LEE <john.s.lee@opg.com>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, "Shruti.Talwar@ontario.ca" <Shruti.Talwar@ontario.ca>, HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject: Re: Draft Fair Hydro Investor Presentation.**
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> > Hi John:
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> > **From:** Ken Kandeepan
> > **Sent:** Wednesday, January 03, 2018 10:00 AM
> > **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>
> > **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet

-TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
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Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
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John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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From: Ronald Kwan
To: John Kim
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 3:09:41 PM

Hi,

I thought we were omitting the comments on slides 7 and 9?

On Jan 3, 2018, at 2:39 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Sure thing….will send right away. So just turn the greed to red from the last version.
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, January 03, 2018 2:27 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** Fwd: Draft Fair Hydro Investor Presentation.
>
> Hi John,
>
> FYI. And would you respond to all, with our suggested comment additions in red attached, noting that we are still waiting for any comments from MOF Legal.
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> Thanks,
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From: Ronald Kwan
To: John Kim
Cc: Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject: Re: Draft Fair Hydro Investor Presentation.
Date: Wednesday, January 03, 2018 1:52:35 PM

Hi John,

Please revise and do a single colour additions version.

Thanks,
Ron

On Jan 3, 2018, at 1:14 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ron. You're right on both.
>
> John
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, January 03, 2018 12:49 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** Re: Draft Fair Hydro Investor Presentation.
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> Hi John,
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> I think having Ministry of Energy in the diagrams on slides 7&9 is ok, given the context is different. For the Protection Agreement, the Minister of Finance is also a signatory and provides it as provided for under the ACT and OIC. That's different than the equity injection and oversight role over the agencies and representative of the shareholder roles on the slides 7&9.
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> On Jan 3, 2018, at 11:56 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> > Hi Ron,
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> > Pls. see attached.

Thanks,

John

From: Bruno Amara
Sent: Wednesday, January 03, 2018 10:18 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Draft Fair Hydro Investor Presentation.

Yep, thanks. We added that comment. We will send back soon.

Bruno

From: Ronald Kwan
Sent: Wednesday, January 03, 2018 10:02 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: Draft Fair Hydro Investor Presentation.

Oops. That's an OFA facility, of course, not OEFC.

Ron

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> **From:** Ronald Kwan
> **Sent:** January-02-18 11:18 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** FW: Draft Fair Hydro Investor Presentation.
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To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Draft Fair Hydro Investor Presentation.

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From: Christie, Tim (ENERGY)
Sent: January-02-18 3:39 PM
To: 'LEE John -TREASURY'
Cc: Cayley, Daniel (ENERGY); 'LAURETA LAPIRA May -TREASURY'
Subject: RE: Draft Fair Hydro Investor Presentation.

With the attachment.

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Sent: January-02-18 3:38 PM
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Subject: RE: Draft Fair Hydro Investor Presentation.

John, here are the comments on the investor presentation.

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Sent: December-21-17 5:33 PM
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<Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions.docx>

<Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v05Clean.docx>

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> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> Sorry, forgot to copy Ron….must be the jetlag from my recent trip.
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> **Sent:** Wednesday, January 03, 2018 2:44 PM
> **To:** LEE John -TREASURY <john.s.lee@opg.com>; 'LAURETA LAPIRA May -FIN & C CTRL' <may.lapira@opg.com>; 'lubna.ladak@opg.com' <lubna.ladak@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
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> **Sent:** Wednesday, January 03, 2018 10:00 AM
> **To:** 'LEE John -TREASURY' <john.s.lee@opg.com>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken - TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: Draft Fair Hydro Investor Presentation.
>
> Hi John

Happy new year, hope you had a few days off. Pls see some minor comments, I have limited my review to the Province's role in the OFHP. Mike may have others.

- <!--[if !supportLists]-->• <!--[endif]-->Page 15 – last bullet; the $2 billion credit facility has been extended from the OFA, not the OEFC
- <!--[if !supportLists]-->• <!--[endif]-->Page 25 - Change of law Process Agreement; I would add that the PAM is set and updated by the Financing Plan.

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 21, 2017 5:33 PM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Shruti.Talwar@ontario.ca; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Draft Fair Hydro Investor Presentation.

Tim:

As discussed attached is the most current draft of the Investor Presentation. If you or the MOE or OFA have any comments please let us know.

The plan is to have another turn of the document in the 1st week in January. May will have the "pen" from our side.

Have a Merry Christmas.

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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<Fair Hydro Investor Presentation Comments - ENERGY - 20171229_Additions_v07Clean_MOFLSBCEFD v3.docx>

From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Thouin, Alena (ENERGY); Anna Strathy; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Tim Christie (ENERGY); Veinot, Cindy (TBS)
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 12:08:48 PM

I am just going to ask for information and not suggest anything to Rima and then get back to the group.

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Hanslep, Malle (MOF)
Sent: Friday, January 5, 2018 11:55
To: Kandeepan, Ken (OFA); Thouin, Alena (ENERGY); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Yes I understand that, but they requested it nevertheless which would have resulted in the Province having very little time to review these documents.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 11:54 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

To clarify Malle, the waiver requested related to an issue date of Jan 15th, given that as per the attached email the date is now the 22nd no waiver is required.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, January 05, 2018 11:50 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Yes this would be my understanding based on the emails so far. They want to meet the 10 business day deadline for sending reference documents to the Province before their proposed transaction date. They have even requested that this time period be waived which would result in the Province having less time to these documents. As you know we haven't received a draft of the OM since November.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-05-18 11:44 AM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Christie, Tim (ENERGY); Veinot, Cindy (TBS)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am little concerned that with a proposed date of Jan 22nd for the term deal, delivery today will ensure that the 10 business day expire on Jan 19th, whereas delivery on Monday means that the expiry is on the day of the deal itself. Cutting it too close.

Thanks

Ken k

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, January 05, 2018 11:34 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle

Perhaps it's worthwhile for you to place a call to Rima and ask what is driving today vs. Monday? Maybe she will be more forthcoming over a call?

Alena Thouin

Deputy Director, Legal Services

Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 11:27 AM

To: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)

Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Veinot, Cindy (TBS)

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

I don't know exactly what the content of our conversation at 3pm will be so maybe we should consider whether today is the appropriate time for OPG to deliver these final documents, including the OM?

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 11:22 AM

To: 'Ramchandani, Rima'

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I realize that there are other discussions taking place, but I would like to speak to Provincial staff about the plan to deliver final documents to the Ministers/DM's today since our internal call is not taking place until 3pm.

Thanks,

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 11:18 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 11:10 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 10:50 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 10:11 AM

To: Ramchandani, Rima <rramchandani@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: January-05-18 8:57 AM

To: Hanslep, Malle (MOF)

Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be “Substantially in the Form” (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=_E2eatPNZaQkHAKbaMe8etZ0qgkVUCNY_YO4TmEPvfQ&s=-Puz-FGasEGh2DanzowvhV5OQzCvvQ-OtdGNYS-gFb8&e= >

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. ?Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From:	Ronald Kwan
To:	Mike Manning
Cc:	Malle Hanslep (MOF); Ken Kandeepan; Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Anna Strathy; Tim Christie (ENERGY); Shannon Jack (MTO); Veinot, Cindy (TBS)
Subject:	Re: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 10:59:15 AM

Hi,

I'm out of the office, but I can get a debrief later.

Ron

> On Jan 5, 2018, at 10:33 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>
> Fine for me.
> Mike
>
> -----Original Message-----
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Friday, January 05, 2018 10:28 AM
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> Cc: Shannon Jack (MTO) <Shannon.Jack@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
> Hi,
>
> 3 pm is good for me.
>
> -----Original Message-----
> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
> Sent: January-05-18 10:18 AM
> To: Manning, Mike (OFA); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Strathy, Anna (OFA); Kwan, Ronald (OFA); Christie, Tim (ENERGY)
> Cc: Jack, Shannon (TBS); Veinot, Cindy (TBS)
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
> As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.
>
> Thanks
>
> Ken k
>
> -----Original Message-----
> From: Mike Manning
> Sent: Friday, January 05, 2018 10:08 AM
> To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
> Around as well.
> Mike
>
> -----Original Message-----
> From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
> Sent: Friday, January 05, 2018 10:03 AM
> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
> I am available as well.
>
> After 11:30
>
> Adding our Energy policy counterparts.
>
>
>
>
>
> Alena Thouin
>

> Deputy Director, Legal Services Branch
>
> Ministries of Energy / Infrastructure / Economic Development & Growth /
>
> Research, Innovation & Science / Accessibility
>
> 56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
>
> Tel: 416-325-1834 Email: alena.thouin@ontario.ca
>
>
>
> This communication may be Solicitor/Client privileged and contain confidential information intended only for the individual or entity named in the message. If the reader of this message is not the intended recipient, or the agent responsible to deliver it to the intended recipient, you are hereby notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.
>
>
>
>
>
>
>
>
>
> -----Original Message-----
>
> From: Whitfield, Tobias P. (MOF)
>
> Sent: January 5, 2018 9:35 AM
>
> To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
>
> Cc: Thouin, Alena (ENERGY)
>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
>
>
> I am available any time this morning.
>
>
>
> Tobias Whitfield
>
> Counsel, Legal Services Branch
>
> Ministry of Finance
>
> tobias.whitfield@ontario.ca
>
> Phone: 416-325-1456
>
>
>
>
>
> -----Original Message-----
>
> From: Hanslep, Malle (MOF)
>
> Sent: January 5, 2018 9:32 AM
>
> To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
>
> Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
>
>
> All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.
>
>
>
> -----Original Message-----
>

> From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
>
> Sent: January-05-18 9:29 AM
>
> To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
>
> Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
>
>
> Thanks for the update, Malle.
>
>
>
> I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.
>
>
>
> I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.
>
>
>
> To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.
>
>
>
> Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:
>
>
>
> (a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,
>
> (b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,
>
> (c) eliminating any implied/moral undertakings by the Province to bondholders,
>
> (d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,
>
> (e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,
>
> (f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),
>
> (g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,
>
> (h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and
>
> (i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.
>
> (This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)
>
>
>
> In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.
>
>
>
> Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.
>
>
>
> I will be tied up from 930 to 1030, but then free until 1145.
>
>
>
> Regards, Steve
>

>
>
> Stephen R. Ashbourne
>
> Partner
>
> stephen.ashbourne@blakes.com
>
> Dir: 416-863-3086
>
>
>
>
>
>
>
> Blake, Cassels & Graydon LLP
>
> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
>
> Tel: 416-863-2400 Fax: 416-863-2653
>
> https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=
>
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>
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>
>
>
> -----Original Message-----
>
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>
> Sent: Friday, January 05, 2018 8:49 AM
>
> To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
>
> Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN
>
> Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province
>
>
>
> As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.
>
>
>
> ""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."
>

>
>
> Thanks,
>
>
>
> Malle
>
> -----Original Message-----
>
> From: Hanslep, Malle (MOF)
>
> Sent: January-05-18 8:40 AM
>
> To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
>
> Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May - TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
>
>
> Hi Rima,
>
>
>
> I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?
>
>
>
> Thanks,
>
>
>
> Malle
>
>
>
> -----Original Message-----
>
> From: Hanslep, Malle (MOF)
>
> Sent: January-04-18 4:11 PM
>
> To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
>
> Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May - TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
>
> Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province
>
>
>
> Hi Rima
>
>
>
> Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.
>
>
>
> Thanks
>
>
>
> Malle
>
>
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
>
> Original Message
>

> From: Ramchandani, Rima
>
> Sent: Thursday, January 4, 2018 15:17
>
> To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
>
> Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
>
> Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
>
>
>
>
>
> Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.
>
>
>
> We are planning on delivering the following additional reference documentation to the Province tomorrow:
>
>
>
> (1) Supplemental Indenture for the Series 2018-1 Term Notes
>
> (2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes
>
> (3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes
>
> (4) Agency Agreement
>
> (5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)
>
> (6) Term Sheet supplementing the Offering Memorandum
>
>
>
> As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.
>
>
>
> Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.
>
>
>
> Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.
>
>
>
> Thanks,
>
> Rima
>
>
>
> Rima Ramchandani
>
>
>
>
>
> P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
>
>
>
> Torys LLP

>
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com
>
>
>
>
>
> -----Original Message-----
>
> From: LEE John -TREASURY
>
> Sent: Thursday, January 04, 2018 12:18 PM
>
> To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
>
> Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
>
> Subject: RE: EXTERNAL – RE: Waiver Process
>
>
>
> Ken/Steen:
>
> We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.
>
>
>
> Please advise and we will adjust the work plan accordingly.
>
>
>
>
>
> John
>
>
>
>
>
> -----Original Message-----
>
> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
>
> Sent: Thursday, January 04, 2018 9:36 AM
>
> To: LEE John -TREASURY <john.s.lee@opg.com>
>
> Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
>
> Subject: EXTERNAL – RE: Waiver Process
>
>
>
> *** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
_____
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>
>
> Hi John
>
>
>
> I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

>
>
>
> Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.
>
>
>
> Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.
>
>
>
> With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.
>
>
>
> Thanks
>
>
>
> Ken k
>
>
>
>
>
> -----Original Message-----
>
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>
> Sent: Wednesday, January 03, 2018 8:45 PM
>
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
>
> Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
>
> Subject: Re: Waiver Process
>
>
>
> It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
>
> Thanks
>
>
>
> Malle
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
>
> From: Ken Kandeepan
>
> Sent: Wednesday, January 3, 2018 20:04
>
> To: LEE John -TREASURY
>
> Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
>
> Subject: Re: Waiver Process
>
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>
> Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.
>
>
>
> I am cc’ing our legal counsel to see if they have any suggestions.
>
>

>
> Ken k
>
>
>
> On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:
>
>
>
> Ken:
>
>
>
> Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.
>
>
>
> Please advise.
>
>
>
> John
>
>
>
>
>
>
>
> From: Ramchandani, Rima [mailto:rramchandani@torys.com]
>
> Sent: Wednesday, January 03, 2018 5:38 PM
>
> To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
>
>
> I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!
>
>
>
> Rima
>
>
>
> Rima Ramchandani
>
>
>
> P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
>
> From: Ramchandani, Rima
>
> Sent: January-03-18 5:32 PM
>
> To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>

>
>
> OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.
>
>
>
> Rima
>
>
>
> Rima Ramchandani
>
>
>
> P. 416.865.7666
>
>
>
> From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
>
> Sent: January-03-18 5:24 PM
>
> To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
>
>
> I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.
>
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>
>
> John
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> _____
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>
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>

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>
>
>
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>
>
>
>

From: John Kim
To: Ronald Kwan
Cc: Usman Zahid
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 10:59:09 AM

Yes, I am hoping the last renewal ever!

Sent from my iPhone

On Jan 5, 2018, at 10:58 AM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Good luck!
>
> Ron
>
> On Jan 5, 2018, at 10:55 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> > Hi Ron,
> >
> > Unfortunately, no….I have an appointment for a mortgage renewal.
> >
> > John
> >
> > ---
> >
> > **From:** Ronald Kwan
> > **Sent:** Friday, January 05, 2018 10:37 AM
> > **To:** John Kim <John.Kim@ofina.on.ca>
> > **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> > **Subject:** Fwd: EXTERNAL – Delivery of Reference Documentation to Province
> >
> > Hi John,
> >
> > Are you available to attend?
> >
> > Ron
> >
> > Begin forwarded message:
> >
> > **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> > **Date:** January 5, 2018 at 10:17:37 AM EST
> > **To:** Mike Manning <Mike.Manning@ofina.on.ca>, "'Thouin, Alena (ENERGY)'" <Alena.Thouin@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, Anna Strathy <Anna.Strathy@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>
> > **Cc:** "Shannon Jack (MTO)" <Shannon.Jack@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>
> > **Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province**
> >
> > As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.
> >
> > Thanks
> >
> > Ken k
> >
> > -----Original Message-----
> > From: Mike Manning
> > Sent: Friday, January 05, 2018 10:08 AM
> > To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> > Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
> >
> > Around as well.
> > Mike
> >
> > -----Original Message-----
> > From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
> > Sent: Friday, January 05, 2018 10:03 AM
> > To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> > Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
> >
> > I am available as well.
> >
> > After 11:30
> >
> > Adding our Energy policy counterparts.
> >
> > Alena Thouin
> >
> > Deputy Director, Legal Services Branch
> >
> > Ministries of Energy / Infrastructure / Economic Development & Growth /

Research, Innovation & Science / Accessibility

56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=A4FRvIHct8h_iA1PKpb1pLHhMNORZ6vRN15XI6hpI5k&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=bI-GH3geYz8H122_42BR_aDcMYYJQKnH8lGgqenva50&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=-QrGCWjnt9dPZPev23OfdA9HRBBXC1iSHeMNNCjt5RM&s=ko9V22NeKbnEMcpBFuzSVtWwSSvVOZxxjYVBohQiPhk&e=

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

"“Material Effect” means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean,

David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca. As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Ronald Kwan
To: John Kim
Cc: Usman Zahid
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 10:58:16 AM

Hi John,

Good luck!

Ron

On Jan 5, 2018, at 10:55 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Ron,
>
> Unfortunately, no….I have an appointment for a mortgage renewal.
>
> John
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Friday, January 05, 2018 10:37 AM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** Fwd: EXTERNAL – Delivery of Reference Documentation to Province
>
> Hi John,
>
> Are you available to attend?
>
> Ron
>
> Begin forwarded message:
>
> > **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> > **Date:** January 5, 2018 at 10:17:37 AM EST
> > **To:** Mike Manning <Mike.Manning@ofina.on.ca>, "'Thouin, Alena (ENERGY)'" <Alena.Thouin@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, Anna Strathy <Anna.Strathy@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>, "Tim Christie (ENERGY)" <Tim.Christie@ontario.ca>
> > **Cc:** "Shannon Jack (MTO)" <Shannon.Jack@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>
> > **Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province**
> >
> > As I discussed with Malle, Cindy's participation on this call will be quite value-added, she is available at 3PM if that works for everyone else. If so can someone pls send out a tele conference invite.
> >
> > Thanks
> >
> > Ken k
> >
> > -----Original Message-----
> > From: Mike Manning
> > Sent: Friday, January 05, 2018 10:08 AM
> > To: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> > Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
> >
> > Around as well.
> > Mike
> >
> > -----Original Message-----
> > From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
> > Sent: Friday, January 05, 2018 10:03 AM
> > To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> > Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province
> >
> > I am available as well.
> >
> > After 11:30
> >
> > Adding our Energy policy counterparts.
> >
> > Alena Thouin
> >
> > Deputy Director, Legal Services Branch
> >
> > Ministries of Energy / Infrastructure / Economic Development & Growth /
> >
> > Research, Innovation & Science / Accessibility
> >
> > 56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7

Tel: 416-325-1834 Email: alena.thouin@ontario.ca

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-----Original Message-----

From: Whitfield, Tobias P. (MOF)

Sent: January 5, 2018 9:35 AM

To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

I am available any time this morning.

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca

Phone: 416-325-1456

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January 5, 2018 9:32 AM

To: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

All, Should we have a call to discuss the approach here? I am also available this morning. Maybe someone from Energy policy on it as well. Perhaps Alena can advise.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: January-05-18 9:29 AM

To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Thanks for the update, Malle.

I'm not sure how this materiality discussion will relate to the Province commenting on the OM. The base form of the OM was not envisioned as of December 20th, and so it is unclear to me that the material effect discussion is relevant for that purpose.

I have been expecting that the Province would be quite involved in the production of the OM, and not just for information purposes.

To illustrate the sorts of items I would anticipate being relevant to the Province in reviewing the OM, I attach a partial mark-up of the Nov 17th OM (the only one we ever saw) to show how (among other things) the narratives included at that time were not aligned with the legislation. The partial mark-up is a comparison to the version circulated by Alena that included James Rehob's comments. Also, as you know, the Change of Law terms were substantially settled after November 17th, and so those portions of the OM will also be quite different.

Generally, the sorts of things I think the Province may be concerned about in reviewing the OM will include:

(a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations,

(b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed,

(c) eliminating any implied/moral undertakings by the Province to bondholders,

(d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise,

(e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc.,

(f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute),

(g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws,

(h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks, and

(i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds.

(This list was previously included in my November 22nd due diligence note to the Province's lawyer team.)

In addition, the Province will need to confirm how James Rehob's earlier comments have been reflected in the OM.

Given all this and the offering timing described by Torys, I think it makes sense to insist on getting the OM now and confirming with OPG that the Province will be taking a careful look at the document, which will take some time (at least 5 business days), and so that could impact the overall timing.

I will be tied up from 930 to 1030, but then free until 1145.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, January 05, 2018 8:49 AM

To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)

Cc: Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN

Subject: FW: EXTERNAL – Delivery of Reference Documentation to Province

As you know prior to the warehouse closing we were sent informally drafts of the reference documents as they developed. Since Dec 20th we have received no further drafts of these documents. I don't understand whether it is OPG's plan that they send final transactions documents today (10 days before) and then the Province has the right to object based on the parameters of "material effect" as defined in the Process Agreement. A draft of the investor presentation was circulated to the Province and some comments were being collected yesterday by Energy and the OFA.

""Material Effect" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation."

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-05-18 8:40 AM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

-----Original Message-----

From: Hanslep, Malle (MOF)

Sent: January-04-18 4:11 PM

To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Ramchandani, Rima

Sent: Thursday, January 4, 2018 15:17

To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima

Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes

(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes

(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes

(4) Agency Agreement

(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)

(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: LEE John -TREASURY

Sent: Thursday, January 04, 2018 12:18 PM

To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:

We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Thursday, January 04, 2018 9:36 AM

To: LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, January 03, 2018 8:45 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan

Sent: Wednesday, January 3, 2018 20:04

To: LEE John -TREASURY

Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)

Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Wednesday, January 03, 2018 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima

Sent: January-03-18 5:32 PM

To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: January-03-18 5:24 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>

Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Ramchandani, Rima
To:	Malle Hanslep (MOF)
Cc:	Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject:	Re: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Friday, January 05, 2018 8:57:20 AM

Hi Malle, we expect the documents being delivered today will be "Substantially in the Form" (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: January-04-18 4:11 PM
To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ramchandani, Rima
Sent: Thursday, January 4, 2018 15:17
To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

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(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes
(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes
(4) Agency Agreement
(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)
(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIFaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=1EXFGgM-2VZD7RLZVPuq1P5eRjGhiIV1k5zq5R9_1qI&s=ky-u6eu9DYUFjo6eAwBJJPlga2SLsXymu5JACEf_T1g&e= >

-----Original Message-----
From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>
Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
_____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From:	Hanslep, Malle (MOF)
To:	Ramchandani, Rima; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); David McLean (MOF); Anna Strathy; Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY)
Cc:	LEE John -TREASURY; "WONG Leslie -LAWDIV"; "RYFA Ken -TREASURY"; "LADAK Lubna -TREASURY"; "LAURETA LAPIRA May -TREASURY"; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject:	Re: EXTERNAL – Delivery of Reference Documentation to Province
Date:	Thursday, January 04, 2018 4:11:45 PM

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Thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----
From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>

Subject: EXTERNAL – RE: Waiver Process

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Hanslep, Malle (MOF)
To: Jonathan Tekle (CAB)
Cc: Tobias P. Whitfield (MOF); Anna Strathy; Ronald Kwan; David McLean (MOF); Mike Manning; David McLean (MOF)
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province
Date: Friday, January 05, 2018 5:11:11 PM

Hi Jonathan

I believe that they were sent by email about 15 minutes ago but sometimes if there is a big attachment it doesn't come through to me. Perhaps others on this email stream can let you know if they received the attachments

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Tekle, Jonathan (MOF)
Sent: Friday, January 5, 2018 17:07
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); McLean, David (MOF); Manning, Mike (OFA); McLean, David (MOF)
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle,

Just confirming that Tory's hand delivered the transaction documents this afternoon to the DMO.

Did you receive electronic copies of the package as well?

Cheers,
Jonathan

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: January 5, 2018 11:38 AM
To: Ramchandani, Rima
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

Actually, if you don't mind I can give you a call now? Thanks.

Malle

-----Original Message-----
From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: January-05-18 11:18 AM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

OK. I expect to be in the office until 5 pm - if you think it will slip past that, please let me know. FYI, we are also planning on hand delivering the documents to the Ministers and Deputy Ministers as soon as possible this afternoon (hopefully that will happen before 3 pm).

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: January-05-18 11:10 AM
To: Ramchandani, Rima <rramchandani@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are not having our internal call to discuss the issues related to the process agreement and delivery of these additional transaction documents until 3pm so it would be after that.

Thanks.

Malle

-----Original Message-----
From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: January-05-18 10:50 AM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Sure Malle, I'm available today so just let me know if you would like to chat live.

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: January-05-18 10:11 AM
To: Ramchandani, Rima <rramchandani@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima,

We are going to be discussing internally here today and might like to have a call later. Thanks.

Malle

-----Original Message-----
From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: January-05-18 8:57 AM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY); LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Saulnier, Brett
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, we expect the documents being delivered today will be "Substantially in the Form" (as defined in the change of law process agreement) of the final documents — we will need to fill in some bullets such as dates, pricing information, the names of all of the Agents and I expect there will be some minor clean up to the OM (for instance, making sure all of our cross-references are correct and that the glossary picks up all defined terms) but otherwise we are not anticipating any material changes to the forms of the documents being delivered.

Rima

Sent from my iPhone

On Jan 5, 2018, at 8:41 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Rima,

I have a further question for clarification and perhaps it would make sense to have a call this morning. As you know we have not seen any further drafts of these documents since before the warehouse closing. Have all of these transaction documents now been done in final form? What is their status?

Thanks,

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----
From: Hanslep, Malle (MOF)
Sent: January-04-18 4:11 PM
To: Ramchandani, Rima; Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: Re: EXTERNAL – Delivery of Reference Documentation to Province

Hi Rima

Thanks for the update. I think it would be helpful if you included Toby, Alena and myself on the email where you attach the documents in order to save time. Also it would be helpful if you include track changes versions as you suggest.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ramchandani, Rima
Sent: Thursday, January 4, 2018 15:17
To: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Strathy, Anna (OFA); Tekle, Jonathan (MOF); Kwan, Ronald (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)
Cc: LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Mansoori, Nina; Saulnier, Brett; Ramchandani, Rima
Subject: RE: EXTERNAL – Delivery of Reference Documentation to Province

Hi Malle, Alena and Toby, Happy New Year to all of you. John forwarded the email below and attached and asked that I connect with you and provide an update. I have included the business folks on this email to make sure we are all on the same page. As John notes below, we had been working towards being in a position to commence marketing for the term deal on January 15th but if marketing is pushed to January 22 or later, then a waiver of the 10 business day requirement should not be necessary. I will let our respective clients advise us on that point and we can come back to the logistics/process for obtaining a waiver should we need one.

We are planning on delivering the following additional reference documentation to the Province tomorrow:

(1) Supplemental Indenture for the Series 2018-1 Term Notes
(2) Supplemental Indenture for the Series 2018-1 Subordinated Term Notes
(3) Supplemental Indenture for the Series 2018-1 Junior Subordinated Term Notes
(4) Agency Agreement
(5) Offering Memorandum (including the investor presentation attached as an exhibit to the OM)
(6) Term Sheet supplementing the Offering Memorandum

As you may recall, under the change of law process agreement, all deliveries are required to be made by mail, fax or delivered by hand to each of the Ministers and Deputy Ministers of the MOF and the MOE. To comply with the agreement, we plan on hand delivering the above documents to each of the Ministers and Deputy Ministers tomorrow. We can also email all of these documents to all of you and anyone else you would like us to send these to (in addition to Scott Thompson, Gadi Mayman, Anna Strathy, David McLean, Jonathan Tekle, Mike Manning and Ken Kandeepan -- as requested in Ken's email below). I believe that earlier drafts of all of the term supplemental indentures and the agency agreement were previously circulated to you -- for ease of reference, please let us know if it would be helpful for us to include blacklines to the last versions we sent to you in the email.

Let us know if you agree with the above approach, and feel free to reach out if you have any questions or would like to discuss.

Malle, you had also asked about delivery of the documents from the warehouse closing -- closing books are in progress and we expect to have those ready for circulation next week. Again, in order to comply with the change of law process agreement, the electronic closing books will be delivered to the Ministers and Deputy Ministers of each of the MOF and MOE, but we are happy to also send a copy to others on your instruction.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF_g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3Pkl2znl7RPACN08&m=SpRrGjxpfAe7FNYsXNoxSbyGTArnm1z909teRhLP8es&s=7zqe1jxCvfBdPBgIDT-epeJOE9jg9naixqfinKlrKUw&e= >

-----Original Message-----
From: LEE John -TREASURY
Sent: Thursday, January 04, 2018 12:18 PM
To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>
Subject: RE: EXTERNAL – RE: Waiver Process

Ken/Steen:
We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.

Please advise and we will adjust the work plan accordingly.

John

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Thursday, January 04, 2018 9:36 AM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; David McLean (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca<mailto:Jonathan.Tekle@ontario.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>
Subject: EXTERNAL – RE: Waiver Process

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Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com><mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

_____

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From: Hanslep, Malle (MOF)
To: Ronald Kwan
Subject: Re: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Date: Wednesday, August 23, 2017 7:24:47 PM

Yes thanks.

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ronald Kwan
Sent: Wednesday, August 23, 2017 19:03
To: Hanslep, Malle (MOF)
Subject: Re: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

Hi Malle,

We work with Energy's protocols on distribution channels.

Ron

> On Aug 23, 2017, at 6:22 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> I don't understand why these documents can't be copied to everyone at the same time especially since it seem like MOF and OFA are the lead on the content of the guarantee
>
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> Original Message
> From: Ronald Kwan
> Sent: Wednesday, August 23, 2017 18:16
> To: Hanslep, Malle (MOF)
> Subject: Re: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
>
>
> Thanks Malle.
>
> Ron
>
>> On Aug 23, 2017, at 6:14 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>>
>>
>>
>> Sent from my BlackBerry 10 smartphone on the Rogers network.
>> From: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
>> Sent: Wednesday, August 23, 2017 18:05
>> To: Hanslep, Malle (MOF)
>> Subject: FW: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
>>
>>
>> FYI
>>
>> From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
>> Date: Wednesday, Aug 23, 2017, 5:48 PM
>> To: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>
>> Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>, RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>
>> Subject: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
>>
>> Fyi
>> Docs forwarded to Carolyn and Blakes
>>
>>
>> Sent with BlackBerry Work (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-

3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=bcH1-6wsQPDlhODHVm0KhKFDyUzLtwUmAg_0UGQF1ns&s=KlPPfWOUgJaGFcbUg49WuI51UzAgY07K4QvW54pfF5Q&e= >)
>> _____
>> From: "Ramchandani, Rima" <rramchandani@torys.com>
>> Sent: Aug 23, 2017 5:43 PM
>> To: "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>
>> Subject: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
>> Cc: "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Leibel, Robbie" <rleibel@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>
>>
>> *** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
>> _____
>>
>> Steve, as requested, attached are our current working drafts of the Fair Hydro Master Trust Indenture and Master Transfer and Servicing Agreement. Please note that these drafts are still in progress and, in particular, are subject to revision to reflect comments from OPG and the broader working group, as well as finalization of the mechanics of the payment of the debt carrying costs during the moratorium period (which we understand are expected to be paid by the IESO and addressed in a new regulation).
>>
>> Please let us know if you have any comments or questions on the attached. We are in the process of advancing the drafts of the DOT and management agreement and will forward those to you as soon as possible.
>>
>> Best,
>> Rima
>>
>> Rima Ramchandani
>>
>> P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
>> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower
>> Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=bcH1-6wsQPDlhODHVm0KhKFDyUzLtwUmAg_0UGQF1ns&s=z0xaXrxZDqu-xtvJnB0CyIP9bSR6y71DlRU7KevK_EQ&e= >
>> [Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=bcH1-6wsQPDlhODHVm0KhKFDyUzLtwUmAg_0UGQF1ns&s=z0xaXrxZDqu-xtvJnB0CyIP9bSR6y71DlRU7KevK_EQ&e= >
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>> <imagea9d76a.JPG>
>> <#23425981v12_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture.docx>

>> <Fair Hydro - Master Transfer & Servicing Agreement (Alternative Funding Rebate Regulation Version).DOCX>
>
> _____
>
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From: Hanslep, Malle (MOF)
To: Ronald Kwan
Subject: Re: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Date: Wednesday, August 23, 2017 6:22:30 PM

I don't understand why these documents can't be copied to everyone at the same time especially since it seem like MOF and OFA are the lead on the content of the guarantee

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ronald Kwan
Sent: Wednesday, August 23, 2017 18:16
To: Hanslep, Malle (MOF)
Subject: Re: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

Thanks Malle.

Ron

> On Aug 23, 2017, at 6:14 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
>
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
> Sent: Wednesday, August 23, 2017 18:05
> To: Hanslep, Malle (MOF)
> Subject: FW: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
>
>
> FYI
>
> From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> Date: Wednesday, Aug 23, 2017, 5:48 PM
> To: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>
> Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>, RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>
> Subject: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
>
> Fyi
> Docs forwarded to Carolyn and Blakes
>
>
> Sent with BlackBerry Work (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBApRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=bcH1-6wsQPDlhODHVm0KhKFDyUzLtwUmAg_0UGQF1ns&s=KlPPfWOUgJaGFcbUg49WuI51UzAgY07K4QvW54pfF5Q&e= >)
> _____
> From: "Ramchandani, Rima" <rramchandani@torys.com>
> Sent: Aug 23, 2017 5:43 PM
> To: "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>
> Subject: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
> Cc: "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Leibel, Robbie" <rleibel@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>
>
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> _____
>
> Steve, as requested, attached are our current working drafts of the Fair Hydro Master Trust Indenture and Master Transfer and

Servicing Agreement. Please note that these drafts are still in progress and, in particular, are subject to revision to reflect comments from OPG and the broader working group, as well as finalization of the mechanics of the payment of the debt carrying costs during the moratorium period (which we understand are expected to be paid by the IESO and addressed in a new regulation).
>
> Please let us know if you have any comments or questions on the attached. We are in the process of advancing the drafts of the DOT and management agreement and will forward those to you as soon as possible.
>
> Best,
> Rima
>
> Rima Ramchandani
>
> P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower
> Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=bcH1-6wsQPDlhODHVm0KhKFDyUzLtwUmAg_0UGQF1ns&s=z0xaXrxZDqu-xtvJnB0CyIP9bSR6y71DlRU7KevK_EQ&e= >
> [Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=bcH1-6wsQPDlhODHVm0KhKFDyUzLtwUmAg_0UGQF1ns&s=z0xaXrxZDqu-xtvJnB0CyIP9bSR6y71DlRU7KevK_EQ&e= >
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>
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> <imagea9d76a.JPG>
> <#23425981v12_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture.docx>
> <Fair Hydro - Master Transfer & Servicing Agreement (Alternative Funding Rebate Regulation Version).DOCX>

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From: Hanslep, Malle (MOF)
To: Keley Katona (ENERGY)
Cc: Tobias P. Whitfield (MOF); Ronald Kwan; Michael Waterston (MOF)
Subject: Re: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Date: Wednesday, August 23, 2017 6:20:33 PM

Thanks Keley. I will be away on vacation until after Labour Day so please send all drafts to Toby Whitfield as lead MOF Counsel. I am not sure of the protocols surrounding communications with OPG so wondering if MOF Legal could be copied directly on emails that are sent to Blakes and Energy Legal as the Minister of Finance is party to the Guarantee in order to avoid any delays in reviewing legal materials. Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Katona, Keley (MOF)
Sent: Wednesday, August 23, 2017 18:05
To: Hanslep, Malle (MOF)
Subject: FW: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

FYI

From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Date: Wednesday, Aug 23, 2017, 5:48 PM
To: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>, RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>
Subject: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

Fyi
Docs forwarded to Carolyn and Blakes

Sent with BlackBerry Work (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=MlyjX5vEfW0Cx0kc9SsV4RkBN_GBhOAl5l4jno-sXAM&s=Es0pZkMt1gsiUOMBdC2NhnKZeMOrRN_zeTmaC_ZjwhY&e= >)

From: "Ramchandani, Rima" <rramchandani@torys.com>
Sent: Aug 23, 2017 5:43 PM
To: "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>
Subject: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Cc: "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Leibel, Robbie" <rleibel@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>

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Please let us know if you have any comments or questions on the attached. We are in the process of advancing the drafts of the DOT and management agreement and will forward those to you as soon as possible.

Best,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=MlyjX5vEfW0Cx0kc9SsV4RkBN_GBhOAl5l4jno-sXAM&s=bOL1mgdGvagK4rsyD_3ETa84mmeaEASxDBIquHLpmc0&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=MlyjX5vEfW0Cx0kc9SsV4RkBN_GBhOAl5l4jno-sXAM&s=bOL1mgdGvagK4rsyD_3ETa84mmeaEASxDBIquHLpmc0&e= >

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return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Hanslep, Malle (MOF)
To:	Keley Katona (ENERGY)
Cc:	Tobias P. Whitfield (MOF); Ronald Kwan; Michael Waterston (MOF)
Subject:	Re: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Date:	Wednesday, August 23, 2017 8:22:24 PM

Thank you!

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Katona, Keley (MOF)
Sent: Wednesday, August 23, 2017 19:42
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA); Waterston, Michael (MOF)
Subject: RE: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

Hi Malle,
We can ask OPG to include MoF legal on documents related to the guarantee. Enjoy your vacation!
Keley

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Date: Wednesday, Aug 23, 2017, 6:20 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>, Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, Waterston, Michael (MOF) <Michael.Waterston@ontario.ca<mailto:Michael.Waterston@ontario.ca>>
Subject: Re: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

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Subject: FW: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

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Date: Wednesday, Aug 23, 2017, 5:48 PM
To: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>, RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>
Subject: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

Fyi
Docs forwarded to Carolyn and Blakes

Sent with BlackBerry Work (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=YD-78XCdrbsQCDXyKbGBsqwzY9TcE91y_gLLpVyb4r8&s=OXqjwc2FXOdBcETXMavS7BYuU6bQNtu8xdBJzBiFKI0&e= >)

From: "Ramchandani, Rima" <rramchandani@torys.com>
Sent: Aug 23, 2017 5:43 PM
To: "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>

Subject: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Cc: "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Leibel, Robbie" <rleibel@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>

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Best,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=YD-78XCdrbsQCDXyKbGBsqwzY9TcE91y_gLLpVyb4r8&s=OpDcN7PZBHct5tng0KAhGoI9EhFqgWq6lAzMRFVbw9Q&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=YD-78XCdrbsQCDXyKbGBsqwzY9TcE91y_gLLpVyb4r8&s=OpDcN7PZBHct5tng0KAhGoI9EhFqgWq6lAzMRFVbw9Q&e= >

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From: Ken Kandeepan
To: LEE John -TREASURY
Cc: Steen Hume (CAB); Tim Christie (ENERGY); John Kim; Ronald Kwan; Mike Manning
Subject: Re: EXTERNAL – RE: Waiver Process
Date: Thursday, January 04, 2018 8:01:08 PM

Thanks John, I guess the waiver is no longer an issue,

Ken k

> On Jan 4, 2018, at 4:07 PM, LEE John -TREASURY <john.s.lee@opg.com> wrote:
>
> Ken/Steen:
>
> Just a bit of an update, it appears that DBRS is unlikely to hit the earlier 15th date.
> It is looking more likely that the marketing launch will fall back to the original target date of the 22nd.
>
>
> John
>
> -----Original Message-----
> From: LEE John -TREASURY
> Sent: Thursday, January 04, 2018 12:18 PM
> To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>
> Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> Subject: RE: EXTERNAL – RE: Waiver Process
>
> Ken/Steen:
> We are operating under the assumption that it was the Province desire to execute the term deal as early as possible in 2018 which would involve a launch on the 15th. If the preference is now to adhere to the 10 business day requirement and not waive it we are happy to do so and commence marketing later in the month on the 22nd.
>
> Please advise and we will adjust the work plan accordingly.
>
>
> John
>
>
> -----Original Message-----
> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
> Sent: Thursday, January 04, 2018 9:36 AM
> To: LEE John -TREASURY <john.s.lee@opg.com>
> Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Jonathan Tekle (CAB)

<Jonathan.Tekle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
> Subject: EXTERNAL – RE: Waiver Process
>
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>
>
> Hi John
>
> I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:
>
> Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.
>
> Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.
>
> With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.
>
> Thanks
>
> Ken k
>
>
> -----Original Message-----
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Wednesday, January 03, 2018 8:45 PM
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
> Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
> Subject: Re: Waiver Process
>
> It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
> Thanks
>
> Malle
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ken Kandeepan
> Sent: Wednesday, January 3, 2018 20:04
> To: LEE John -TREASURY
> Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
> Subject: Re: Waiver Process
>
>

> Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.
>
> I am cc'ing our legal counsel to see if they have any suggestions.
>
> Ken k
>
> On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:
>
> Ken:
>
> Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.
>
> Please advise.
>
> John
>
>
>
> From: Ramchandani, Rima [mailto:rramchandani@torys.com]
> Sent: Wednesday, January 03, 2018 5:38 PM
> To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!
>
> Rima
>
> Rima Ramchandani
>
> P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
> From: Ramchandani, Rima
> Sent: January-03-18 5:32 PM
> To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of

Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.
>
> Rima
>
> Rima Ramchandani
>
> P. 416.865.7666
>
> From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
> Sent: January-03-18 5:24 PM
> To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.
>
>
> John
>
>
> _____
>
> THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.
>
> _____
>
> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.
> _____
>
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From: Gadi Mayman
To: Ronald Kwan
Subject: Re: FHP Debt Issuance
Date: Tuesday, February 06, 2018 7:06:37 PM

Way tighter. Also much tighter than Hydro One trades to us, even though they trade well through OPG. It's the partial guarantee that is driving in the spread, and the overcollateralization inherent in the securitized structure

On Feb 6, 2018, at 7:01 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Gadi,
>
> Well, even tighter than OPG's spread last year!
>
> Ron
>
> ---
>
> **From:** Gadi Mayman
> **Sent:** February-06-18 18:51
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** Re: FHP Debt Issuance
>
> 92 over Canada bonds, and 23 over Ontario.
>
> Gadi
>
> On Feb 6, 2018, at 6:17 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi,
> >
> > What was the spread on the FHP debt issuance?
> >
> > Ron
>
> # Debt markets show approval for Fair Hydro Plan financing
>
> 06.02.2018 David Hains Environment and Energy,
> Investors gave Ontario Power Generation a boost as they piled into bonds sold for the province's Fair Hydro Plan. OPG issued $500 million worth of debt on Tuesday, earning a low interest rate of 3.357 per cent from markets hungry for a

safe investment.
Ratings agency DBRS gave the debt security a triple-A rating, while Moody's gave slightly less than its top grade, declaring it to be Aa2.
The debt issuance came amid a roller coaster market that saw the Dow Jones fall by more than 1,000 points yesterday, its largest one-day decline in six years. But OPG, which pitched the investment to investors last week on a road show that took them to Montreal, Toronto, Winnipeg and Vancouver, decided to pull the trigger to send the debt to market.
The funds will help pay for the province's Fair Hydro Plan, which was passed by the majority Liberal government in June 2017. A large part of the plan effectively reduced short-term hydro bills by deferring some costs to future bills. A complicated security was created to finance the plan, and it came in for criticism from Ontario's auditor general for, in her analysis, adding $4 billion in costs in order to keep the proposal off of the government budget. Officials from the Treasury Board and Ministry of Energy said at the time that it was not the case, and they were being diligent about following proper procedure.
Energy Minister **Glenn Thibeault** praised the debt issuance and the government's hydro plan in a statement.
"Today’s announcement by Ontario Power Generation (OPG) regarding the successful issuance of secured debt in relation to Ontario’s Fair Hydro Plan is a positive sign that our plan is working."
The 3.357 per cent effective interest rate is a strong one for OPG, and bodes well for keeping the borrowing costs for the Fair Hydro Plan low. The rate is 15 basis points lower than Toronto Hydro, OPG noted, and more competitive than industry peers.
In a conference call, OPG said that the final interest rate was slightly better than expectations. The ministry of energy previously stated that they expect a 4.5 per cent average interest rate over the lifetime of the debt issuance for the security.
OPG plans to issue debt tranches two to three times a year to secure $300 million to $500 million worth of debt each time. Bond durations will vary, but the first issuance is 15.25 years. A second round of financing is anticipated in the second quarter of 2018.
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From: Gadi Mayman
To: Ronald Kwan
Cc: Ken Kandeepan; Mike Manning; Anna Strathy
Subject: Re: FHP Debt Issuance
Date: Tuesday, February 06, 2018 6:51:19 PM

---

92 over Canada bonds, and 23 over Ontario.

Gadi

On Feb 6, 2018, at 6:17 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> What was the spread on the FHP debt issuance?
>
> Ron

Debt markets show approval for Fair Hydro Plan financing

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From: John Kim
To: Ronald Kwan
Cc: Bruno Amara; Usman Zahid
Subject: Re: FHP Debt Issuance
Date: Tuesday, February 06, 2018 7:06:39 PM

I thought I saw 3.12 on a 30 yr ont this morning so interesting

Sent from my iPhone

On Feb 6, 2018, at 6:32 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> Not that the Province does 15 year issuances, but what does the spread look like, say interpolating?
>
> Ron
>
> Hi,
>
> What was the spread on the FHP debt issuance?
>
> Ron

Debt markets show approval for Fair Hydro Plan financing

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From: Ronald Kwan
To: John Kim
Subject: Re: FHP Financing Plan and Execution Plan - Nov 16.docx
Date: Thursday, November 16, 2017 11:47:59 AM

Hi,

Do we have a copy of the financing plan as well?

Ron

On Nov 16, 2017, at 11:05 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Fyi
>
> -----Original Message-----
> From: Mike Manning
> Sent: Thursday, November 16, 2017 10:59 AM
> To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
> Subject: RE: FHP Financing Plan and Execution Plan - Nov 16.docx
>
> Hi John:
> In relation to the planned 15-year Fair Hydro issue, that topic didn't come up yesterday, but I did talk to John Lee this morning on the topic:
> His view is that securitized structures cannot have refinancing risk, in part because rating agencies have trouble with this risk in terms of giving a rating. The issue is that rate payers cannot step in if there is a refinancing problem. It is ironic that the market disruption clause that was initially on the table would likely have solved this issue. I'm hoping to look at the financing plan to see if it fleshes out this issue more. Let me know if you think the call later today is unnecessary. It may still be useful to run through the issues.
>
> Regards, Mike
>
> -----Original Message-----
> From: John Kim
> Sent: Thursday, November 16, 2017 10:45 AM
> To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
> Subject: RE: FHP Financing Plan and Execution Plan - Nov 16.docx
>
> Hi Mike,
>
> My understanding is that there was a call late yesterday afternoon with Gadi and John Lee participating. Let me know if some of the questions we have are getting answered as in if we still are interested in the call later today.

Thanks,

John

-----Original Message-----
From: Mike Manning
Sent: Thursday, November 16, 2017 10:27 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: FHP Financing Plan and Execution Plan - Nov 16.docx

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, November 16, 2017 9:46 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: FHP Financing Plan and Execution Plan - Nov 16.docx

Mike:

As requested, attached is the current draft of the financing plan which conforms to the regulation requirements.

John

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From: Ronald Kwan
To: John Kim
Subject: Re: FHP Financing Plan and Execution Plan - Nov 16.docx
Date: Thursday, November 16, 2017 11:56:04 AM

Hi,

Going through the earlier emails and I see you forwarded it on.

Would energy be okay if Legal got it too?

Ron

From: Ronald Kwan
To: Gadi Mayman
Cc: Anna Strathy; Usman Zahid
Subject: Re: FHP Trust Offering
Date: Wednesday, February 07, 2018 9:31:43 PM

Thanks Gadi.

Ron

On Feb 7, 2018, at 9:22 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> A partial answer to your question about the sub debt via the SoC.
>
> Begin forwarded message:
>
> **From:** "Orsini, Steve (CAB)" <Steve.Orsini@ontario.ca>
> **Date:** February 7, 2018 at 6:22:54 PM EST
> **To:** "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
> **Cc:** "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwamena, Boafoa (CAB)" <Boafoa.Kwamena@ontario.ca>
> **Subject: RE: FHP Trust Offering**
>
> Serge,
>
> Thanks. Please let us know the outcome of your analysis.
>
> ---
>
> **From:** Imbrogno, Serge (ENERGY)
> **Sent:** February 7, 2018 6:21 PM
> **To:** Orsini, Steve (CAB)
> **Cc:** Davidson, Steven (CAB); Kwamena, Boafoa (CAB)
> **Subject:** Re: FHP Trust Offering
>
> Steve,
>
> A number of inputs will vary over the thirty-year life of the GA refinancing program and will continue to be revised to reflect changing conditions (e.g., changes in interest rates).
>
> The Ministry analysis underpinning the *2017* Fair Allocation Amount (FAA) included a 5.0% average interest rate over the life of the GA refinancing program (i.e., 30 years). Note: Navigant's modelling of GA refinancing assumed an interest

rate of 4.5%. In the development of the 2017 FAA the interest rate assumptions were revised to 5% based on consultations with OPG.

The announcement yesterday that OPG was able to secure an interest rate of 3.357% for the senior debt on its first issuance has a 15 year term and a value of $500 million.

OPG advises that the remainder of the debt is split between "subordinated" and "junior subordinated" debt. The effective interest rate will be the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated). OPG is expected to finalize the pricing for the subordinated and junior subordinated debt within the next 48 hours. The pricing will be based in part on the pricing of the senior series.

Sent from my iPad

On Feb 6, 2018, at 10:29 PM, Orsini, Steve (CAB) <Steve.Orsini@ontario.ca> wrote:

> Thanks Serge.
>
> How does this compare to the costs assumed in the modelling?
>
> ---
>
> **From:** Imbrogno, Serge (ENERGY)
> **Sent:** February 6, 2018 2:36 PM
> **To:** Orsini, Steve (CAB); Davidson, Steven (CAB)
> **Cc:** Kwamena, Boafoa (CAB)
> **Subject:** FHP Trust Offering
>
> Hi Steve,
>
> Not sure if you received an update already, but below is the result of the OPG Trust financing this afternoon for the OFHP:

- OPG has informed us that pricing has been confirmed at

3.357% and they financed $500m.

- This is 92 bps over GOC, so it is still the lowest cost.

- The OFA has confirmed that the issue was 23 bps over the Ontario curve.

OPG is providing a technical briefing for the media at 3:00.

From: John Kim
To: Ronald Kwan
Cc: Bruno Amara; Usman Zahid
Subject: Re: FHP Trust Offering
Date: Friday, February 09, 2018 9:15:52 PM

Very interesting. My guesstimate came true.

Sent from my iPhone

On Feb 9, 2018, at 9:06 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> Note the weighted average.
>
> Ron
>
> Begin forwarded message:
>
> **From:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Date:** February 9, 2018 at 8:11:40 PM EST
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>, Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject: Fwd: FHP Trust Offering**
>
> Begin forwarded message:
>
> **From:** "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
> **Date:** February 9, 2018 at 7:14:05 PM EST
> **To:** "Orsini, Steve (CAB)" <Steve.Orsini@ontario.ca>
> **Cc:** "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwamena, Boafoa (CAB)" <Boafoa.Kwamena@ontario.ca>, "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
> **Subject: Re: FHP Trust Offering**

Steve,

Today OPG advised that the remainder of the debt is split between $382 million of “subordinated” debt at an interest rate of 3.637% and $98 million of “junior subordinated” debt at 3.957%.

The effective interest rate of 3.526% is the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated).

Sent from my iPad

On Feb 7, 2018, at 6:22 PM, Orsini, Steve (CAB) <Steve.Orsini@ontario.ca<mailto:Steve.Orsini@ontario.ca>> wrote:

Serge,

Thanks. Please let us know the outcome of your analysis.

From: Imbrogno, Serge (ENERGY)
Sent: February 7, 2018 6:21 PM
To: Orsini, Steve (CAB)
Cc: Davidson, Steven (CAB); Kwamena, Boafoa (CAB)
Subject: Re: FHP Trust Offering

Steve,

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The Ministry analysis underpinning the 2017 Fair Allocation Amount (FAA) included a 5.0% average interest rate over the life of the GA refinancing program (i.e., 30 years). Note: Navigant’s modelling of GA refinancing assumed an interest rate of 4.5%. In the development of the 2017 FAA the interest rate assumptions were revised to 5% based on consultations with OPG.

The announcement yesterday that OPG was able to secure an interest rate of 3.357% for the senior debt on its first issuance has a 15 year term and a value of $500

million.

OPG advises that the remainder of the debt is split between “subordinated” and “junior subordinated” debt. The effective interest rate will be the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated). OPG is expected to finalize the pricing for the subordinated and junior subordinated debt within the next 48 hours. The pricing will be based in part on the pricing of the senior series.

Sent from my iPad

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From: Anna Strathy
To: Malle Hanslep (MOF)
Cc: Ken Kandeepan; Tobias P. Whitfield (MOF); Ronald Kwan; Mike Manning
Subject: Re: Fair Hydro Trust - Term Debt Issuance Closing Books
Date: Tuesday, March 20, 2018 12:45:53 PM

Thanks Malle.

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Mar 20, 2018, at 12:41 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi – We received the USB key with the closing documents for the term loan. I will send it to Anna like I did for the warehouse facility and I think that you decided that Documentation might be a good area to take care of saving the documents. We have a USB key here too.
>
> Thanks,
>
> Malle
>
> ---
>
> **From:** Saulnier, Brett [mailto:bsaulnier@torys.com]
> **Sent:** March 1, 2018 4:02 PM
> **To:** Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Kobrinsky, Liza (MOF); Christie, Tim (ENERGY)
> **Cc:** Ramchandani, Rima; Mansoori, Nina
> **Subject:** RE: Fair Hydro Trust - Term Debt Issuance Closing Books
>
> Thanks, all. I'll confirm tomorrow morning the approximate time the courier will make the delivery.
>
> Brett Saulnier
>
> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
>
> ---
>
> **From:** Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
> **Sent:** March-01-18 3:59 PM
> **To:** Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Kobrinsky, Liza (MOF) <Liza.Kobrinsky@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>
> **Cc:** Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
> **Subject:** RE: Fair Hydro Trust - Term Debt Issuance Closing Books
>
> Thanks. Agreed.

The recipients are fine, but would be helpful to have timing.

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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<image001.jpg>

From: Whitfield, Tobias P. (MOF)
Sent: March 1, 2018 2:11 PM
To: Saulnier, Brett; Hanslep, Malle (MOF); Kobrinsky, Liza (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY)
Cc: Ramchandani, Rima; Mansoori, Nina
Subject: Re: Fair Hydro Trust - Term Debt Issuance Closing Books

Brett,

Those recipients are fine for MOF.

Can you please let us know approximately when to expect the package?

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Saulnier, Brett
Sent: Thursday, March 1, 2018 12:40 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kobrinsky, Liza (MOF); Tekle, Jonathan (MOF); Thouin, Alena (ENERGY); Christie, Tim (ENERGY)
Cc: Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro Trust - Term Debt Issuance Closing Books

Hi all,

We will be couriering two USB copies of the closing books for the term debt financing, which closed on February 9, 2018, to each of the Ministry of Finance and Ministry of Energy tomorrow.

As for the last closing book delivery, we will give the following instructions to the courier:

- Ministry of Finance: Package will be to the attention of Liza Kobrinsky and Lejla Avdic. The courier will call Lejla Avdic at 416-325-0400 on arrival.
- Ministry of Energy: The courier will call Hillary at 416-832-0338 on arrival.

Please let us know if we should change these delivery instructions. If you also could please confirm once each package has been received, it would be much appreciated.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image002.jpg>[torys.com]

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From: John Kim
To: Ronald Kwan
Subject: Re: Fair Hydro Trust -- Term Closing
Date: Tuesday, April 24, 2018 9:06:04 PM

Sure, will do

Sent from my iPad

On Apr 24, 2018, at 6:33 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Could you see if you can track this down. It might help with assessing the early info on future issuances too.
>
> Thanks,
> Ron
>
> Begin forwarded message:
>
> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** April 24, 2018 at 5:43:35 PM EDT
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject: Re: Fair Hydro Trust -- Term Closing**
>
> Hi Gadi,
>
> I passed on the email from John shortly after getting it, so he did not have that information. He was wondering if the survey provided on Friday was an incomplete sample at that time. I can see if he has had any success in getting a response.
>
> Ron
>
> ---
>
> **From:** Gadi Mayman
> **Sent:** April 24, 2018 5:40 PM

To: Ronald Kwan
Cc: Anna Strathy
Subject: Re: Fair Hydro Trust -- Term Closing

Thanks. Did we get an answer as to why they priced it at a spread of 51.2 bpts instead of the dealer survey indication of 46 bpts?

Gadi

On Apr 24, 2018, at 3:46 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Gadi,
>
> FYI.
>
> Ron
>
> Begin forwarded message:
>
> **From:** John Kim <John.Kim@ofina.on.ca>
> **Date:** April 24, 2018 at 3:33:59 PM EDT
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Usman Zahid <Usman.Zahid@ofina.on.ca>
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The difference in interest paid widened to 2.48bn (from the earlier prelim number we had of 2.2bn based on dealer survey numbers]. Naturally, we can ask why it widened.

Attached spreadsheet provides additional details, if you're interested.

Also, related to Gadi's inquiry last week and we have the actual rates for the sub debt issues.

Thanks,

John

From: Ronald Kwan
Sent: Tuesday, April 24, 2018 2:30 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Fw: Fair Hydro Trust -- Term Closing

Hi,

Please review.

Ron

From: Anna Strathy
Sent: April 24, 2018 2:26 PM
To: Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc: Usman Zahid; Opal Kandelas
Subject: FW: Fair Hydro Trust -- Term Closing

FYI

From: Krasic, Aida (MOF) [mailto:Aida.Krasic@ontario.ca]
Sent: Tuesday, April 24, 2018 1:06 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hello Male,

Please find attached fax that DMO received from TORYS LLP regarding the Fair Hydro Plan –Deliveries under Change of Law Process Agreement.

As per Paul's email from Feb 9th, I am copying all on this email as well.

Thanks

Aida

From: Dupuis, Paul (MOF)
Sent: February 9, 2018 10:35 AM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Krasic, Aida (MOF) <Aida.Krasic@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Spadoni, Peter (MOF) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

This message has been archived. View the original item

Hi Malle,

As requested please see attached. I have also copied Karen Cook (MO Office Mgr) and Peter Spadoni (Mgr of MoF Correspondence) as it may have also been sent to their fax machines as it i

Attachments:

image001.jpg	(5 KB)
FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf	(1.3 MB)

<OFHP supporting data for OFA_v0.1._EFB-FinancingPlanUpdate_v2.xlsx>

From: Ronald Kwan
To: Gadi Mayman
Cc: Anna Strathy
Subject: Re: Fair Hydro Trust -- Term Closing
Date: Tuesday, April 24, 2018 5:43:36 PM

Hi Gadi,

I passed on the email from John shortly after getting it, so he did not have that information. He was wondering if the survey provided on Friday was an incomplete sample at that time. I can see if he has had any success in getting a response.

Ron

From: Gadi Mayman
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Cc: Anna Strathy
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> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan

<Shajee.Kathirgamanathan@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

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Subject: Fw: Fair Hydro Trust -- Term Closing

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Please review.

Ron

From: Anna Strathy
Sent: April 24, 2018 2:26 PM
To: Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc: Usman Zahid; Opal Kandelas
Subject: FW: Fair Hydro Trust -- Term Closing

FYI

From: Krasic, Aida (MOF) [mailto:Aida.Krasic@ontario.ca]
Sent: Tuesday, April 24, 2018 1:06 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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<OFHP supporting data for OFA_v0.1._EFB-FinancingPlanUpdate_v2.xlsx>

From:	Gadi Mayman
To:	Ronald Kwan
Cc:	Anna Strathy
Subject:	Re: Fair Hydro Trust -- Term Closing
Date:	Tuesday, April 24, 2018 5:40:38 PM

Thanks. Did we get an answer as to why they priced it at a spread of 51.2 bpts instead of the dealer survey indication of 46 bpts?

Gadi

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John

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Subject: Fw: Fair Hydro Trust -- Term Closing

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Please review.

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From: Anna Strathy
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Cc: Usman Zahid; Opal Kandelas
Subject: FW: Fair Hydro Trust -- Term Closing

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<OFHP supporting data for OFA_v0.1._EFB-FinancingPlanUpdate_v2.xlsx>

From:	Ronald Kwan
To:	John Kim
Cc:	Shajee Kathirgamanathan; Gavin He; Usman Zahid
Subject:	Re: Fair Hydro Trust -- Term Closing
Date:	Tuesday, April 24, 2018 4:26:34 PM

Hi John,

Across the two issuances so far, what is the weighted average spread and what would that imply for the estimated difference in financing costs?

Thanks,
Ron

From: Ronald Kwan
Sent: April 24, 2018 4:12 PM
To: John Kim
Cc: Shajee Kathirgamanathan; Gavin He; Usman Zahid
Subject: Re: Fair Hydro Trust -- Term Closing

Hi John,

What drove the weighted average spread widening -- the sub-debt rates? Did we have the actual sub-debt rates last week, but we have them now?

Ron

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Sent: April 24, 2018 3:33 PM
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Cc: Shajee Kathirgamanathan; Gavin He; Usman Zahid
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Subject: Fw: Fair Hydro Trust -- Term Closing

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Ron

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Subject: FW: Fair Hydro Trust -- Term Closing

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Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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To: John Kim
Cc: Shajee Kathirgamanathan; Gavin He; Usman Zahid
Subject: Re: Fair Hydro Trust -- Term Closing
Date: Tuesday, April 24, 2018 4:12:31 PM

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image001.jpg	(5 KB)
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From: Ronald Kwan
To: John Kim
Subject: Re: Fair Hydro Trust -- Term Closing
Date: Tuesday, April 24, 2018 9:16:03 PM

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Ron

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To: Ronald Kwan
Cc: Anna Strathy
Subject: Re: Fair Hydro Trust -- Term Closing

Thanks. Did we get an answer as to why they priced it at a spread of 51.2 bpts instead of the dealer survey indication of 46 bpts?

Gadi

On Apr 24, 2018, at 3:46 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Gadi,
>
> FYI.
>
> Ron
>
> Begin forwarded message:
>
> **From:** John Kim <John.Kim@ofina.on.ca>
> **Date:** April 24, 2018 at 3:33:59 PM EDT
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Usman Zahid <Usman.Zahid@ofina.on.ca>

Subject: RE: Fair Hydro Trust -- Term Closing

Hi Ron,

So the spread seems to have widened from the dealer survey information the day of the senior debt issue. It was around 46bps but now in the attached actual, the spread averaged to 51.2bps. [Using the dealer email indicating 32bps from Ontario which implied 3.2% for Ontario.]

The difference in interest paid widened to 2.48bn (from the earlier prelim number we had of 2.2bn based on dealer survey numbers]. Naturally, we can ask why it widened.

Attached spreadsheet provides additional details, if you're interested.

Also, related to Gadi's inquiry last week and we have the actual rates for the sub debt issues.

Thanks,

John

From: Ronald Kwan
Sent: Tuesday, April 24, 2018 2:30 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Fw: Fair Hydro Trust -- Term Closing

Hi,

Please review.

Ron

From: Anna Strathy
Sent: April 24, 2018 2:26 PM
To: Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc: Usman Zahid; Opal Kandelas
Subject: FW: Fair Hydro Trust -- Term Closing

FYI

From: Krasic, Aida (MOF) [mailto:Aida.Krasic@ontario.ca]
Sent: Tuesday, April 24, 2018 1:06 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>

Cc: David McLean (MOF) <David.McLean@ontario.ca>; Paul Dupuis (MOF) <Paul.Dupuis@ontario.ca>; Peter Spadoni (MCYS) <Peter.Spadoni@ontario.ca>; Cook, Karen (MOF) <Karen.Cook@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro Trust -- Term Closing

Hello Male,

Please find attached fax that DMO received from TORYS LLP regarding the Fair Hydro Plan –Deliveries under Change of Law Process Agreement.

As per Paul's email from Feb 9th, I am copying all on this email as well.

Thanks

Aida

From: Dupuis, Paul (MOF)
Sent: February 9, 2018 10:35 AM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Krasic, Aida (MOF) <Aida.Krasic@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Spadoni, Peter (MOF) <Peter.Spadoni@ontario.ca>;

Cook, Karen (MOF)
<Karen.Cook@ontario.ca>
Subject: FW: Fair Hydro Trust -- Term Closing

This message has been archived. View the original item

Hi Malle,

As requested please see attached. I have also copied Karen Cook (MO Office Mgr) and Peter Spadoni (Mgr of MoF Correspondence) as it may have also been sent to their fax machines as it i

Attachments:

image001.jpg	(5 KB)
FAX-Recd-2018-02-09_Torys-LLP_Fair-Hydro-Plan_Chg-of-Law-Process-Agreement.pdf	(1.3 MB)

<OFHP supporting data for OFA_v0.1._EFB-FinancingPlanUpdate_v2.xlsx>

From: Ronald Kwan
To: Tim Christie (ENERGY)
Subject: Re: Investor presentation
Date: Tuesday, January 02, 2018 11:36:56 AM

Hi Tim,

Would you send me the investor presentation. I may have missed it over the run up to and the holiday season.

When would comments be needed by?

Thanks,
Ron

> On Jan 2, 2018, at 11:32 AM, Christie, Tim (ENERGY) <Tim.Christie@ontario.ca> wrote:
>
> Hi Ron, are you planning to send any comments over to OPG on the investor presentation? We have a few, but there are a few places where we're hoping the OFA is also reviewing, particularly around the support agreement.
>
> TIm
>
>
>

From: Ronald Kwan
To: John LEE; Ken Kandeepan
Subject: Re: Waiver Process
Date: Thursday, January 04, 2018 10:17:41 AM

Hi John,

Please cc me on the email as well.

Thanks,
Ron

> On Jan 4, 2018, at 9:36 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Hi John
>
> I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:
>
> Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.
>
> Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.
>
> With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.
>
> Thanks
>
> Ken k
>
>
> -----Original Message-----
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Wednesday, January 03, 2018 8:45 PM
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
> Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
> Subject: Re: Waiver Process
>
> It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
> Thanks
>
> Malle
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ken Kandeepan

> Sent: Wednesday, January 3, 2018 20:04
> To: LEE John -TREASURY
> Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
> Subject: Re: Waiver Process
>
>
> Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.
>
> I am cc'ing our legal counsel to see if they have any suggestions.
>
> Ken k
>
> On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:
>
> Ken:
>
> Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.
>
> Please advise.
>
> John
>
>
>
> From: Ramchandani, Rima [mailto:rramchandani@torys.com]
> Sent: Wednesday, January 03, 2018 5:38 PM
> To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!
>
> Rima
>
> Rima Ramchandani
>
> P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
> From: Ramchandani, Rima
> Sent: January-03-18 5:32 PM
> To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY

<lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.
>
> Rima
>
> Rima Ramchandani
>
> P. 416.865.7666
>
> From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
> Sent: January-03-18 5:24 PM
> To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV
<leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY
<lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY
<matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.
>
>
> John
>
>
> _____
>
> THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.
>
> _____
>
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From: John Kim
To: Ronald Kwan
Subject: Re: provincial borrowing rate
Date: Thursday, May 31, 2018 4:18:50 PM

I am not sure if we have that data. Wouldn't the senior debt rate inclusive of the commission? Or it'd be information energy can provide us with

Sent from my iPhone

> On May 31, 2018, at 2:16 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> Hi John,
>
> What do you think? Can we add that in?
>
> Ron
>
> -----Original Message-----
> From: Gadi Mayman
> Sent: May-31-18 14:10
> To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
> Subject: RE: provincial borrowing rate
>
> Thanks, Ron. I notice that the Ontario rates have a column that include commissions. Should we have a similar one for the FHP rates (at least the senior debt; I'm assuming that they don't pay commission on the sub)?
>
> -----Original Message-----
> From: Ronald Kwan
> Sent: Thursday, May 31, 2018 1:56 PM
> To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
> Subject: FW: provincial borrowing rate
>
> Hi Gadi,
>
> FYI. Energy has asked for some Provincial borrowing rate data as context for planned periodic reports on FHP borrowing. Staff put together the attached.
>
> Ron
>
> -----Original Message-----
> From: Ronald Kwan
> Sent: May-31-18 13:34
> To: John Kim <John.Kim@ofina.on.ca>
> Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
> Subject: RE: provincial borrowing rate
>
> Thanks John. Looks fine, but would a little reformatting help?
>
> Ron
>
> -----Original Message-----

> From: John Kim
> Sent: May-31-18 12:16
> To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Shajee Kathirgamanathan
<Shajee.Kathirgamanathan@ofina.on.ca>
> Subject: FW: provincial borrowing rate
>
> Hi Ron,
>
> Pls. see attached proposed file to be sent over and the original communication below.
>
> We base our numbers off of CFB's daily update files and have full backup saved with links within the file.
>
> Thanks,
>
> John
>
> -----Original Message-----
> From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
> Sent: Wednesday, May 30, 2018 1:16 PM
> To: John Kim <John.Kim@ofina.on.ca>
> Subject: Re: provincial borrowing rate
>
> ADM/DM here at the ministry. We want to use provincial borrowing information to provide context for the OFHP issuances.
>
>
>
>
> On Wed, May 30, 2018 at 1:13 PM -0400, "Kim, John (OFA)"
<John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>> wrote:
>
>
> Just a quick question....who would be the intended audience?
>
> -----Original Message-----
> From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
> Sent: Tuesday, May 29, 2018 4:39 PM
> To: John Kim
> Subject: RE: provincial borrowing rate
>
> No rush on this. Thanks for the help John.
>
> -----Original Message-----
> From: Kim, John (OFA) [mailto:John.Kim@ofina.on.ca]
> Sent: May-29-18 4:37 PM
> To: Christie, Tim (ENERGY)
> Subject: RE: provincial borrowing rate
>
> When do you need it by? Will aim for tomorrow or Thursday. I have it ready except the analyst in charge is away so will need some digging.
>
> -----Original Message-----
> From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
> Sent: Tuesday, May 29, 2018 4:22 PM
> To: John Kim
> Subject: Re: provincial borrowing rate

>
> I'd like issues for 2018 to date, as well as anything going forward (we're planning to make it a monthly report).
>
>
>
>
> On Tue, May 29, 2018 at 4:17 PM -0400, "Kim, John (OFA)" > wrote:
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> I think the OFA would be a pretty reliable source....but what do you need exactly? Just a point in time, as in - now or when the issues were done recently? Let me know and I should be able to help.
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> From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
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>
> Hi John, we're preparing an OFHP tracking document and we'd like to include a comparison of FHP issuances to provincial borrowing. Do you know of a reliable public source for recent Ontario government bond issuances? Or could we get that from the OFA?
>
> Tim
>
> _____
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>

From: John Kim
To: Ronald Kwan
Subject: Re: provincial borrowing rate
Date: Thursday, May 31, 2018 4:23:58 PM

Sure checking now

Sent from my iPhone

> On May 31, 2018, at 4:20 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> Hi,
>
> Would you check with CMD if OPG shared that information.'
>
> Thanks,
> Ron
>
> -----Original Message-----
> From: John Kim
> Sent: May-31-18 16:19
> To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> Subject: Re: provincial borrowing rate
>
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>
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>> Sent: Thursday, May 31, 2018 1:56 PM
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>>